

PROPERTY UPDATE

ISSUE 88 | WINTER 2024



University of Otago Important Dates...

31 August - 8 September
Mid-Semester break



18 October
2nd Semester classes end



21 October - 9 November
End of year exams



What's happening in the market?

Dunedin's median price is the same as May 2023 at \$570,000. First-home buyers and owner occupiers were May's most active buyer group in Dunedin. Christchurch and Dunedin are the only major metros to record value growth in the last three months – 0.5% and 1.8% respectively. The current median Days to Sell of 45 days is more than the 10-year average for May which is 40 days. There were 16 weeks of inventory in May 2024 which is 1 week less than the same time last year.

There have been 31 sales in the North Dunedin area for the past rolling 12 months. If we drill down into the sales, we find that the breakdown of sales into price ranges is as follows: 12 Sales - Under \$600,000; 14 Sales \$600,000 to \$800,000; and 5 Sales – over \$800,000. You could say it is a good spread over all price ranges for the past 12 months. However, the tide seems to be changing, and from the coal face we are currently finding properties under \$800,000 are receiving good enquiry, but anything over \$800,000 seems to currently be a bit price sensitive for buyers expecting a higher cap rate with interest rates around the 7% range. In saying that, we have seen an increase in activity over the past 3 months, most likely due to Interest deductibility being phased out.

The Brightline Test

The Brightline test in New Zealand has undergone significant changes effective from 1 July 2024, following government announcements. Here's a summary of the key updates:

Reduction in Period: The Brightline test period for residential properties will be reduced from ten years to two years. Properties sold after 1 July 2024 will be subject to tax on any profit made from the sale if they have been owned for less than two years.

Previous Periods: Properties purchased between 29 March 2018 and 27 March 2021 currently have a Brightline period of five years. Properties purchased after 27 March 2021 have a Brightline period of ten years. New build homes have a Brightline period of five years. All these periods will be reduced to two years under the new rules starting 1 July 2024.

Exceptions: Sales of main homes, transfers due to separation or relationship property settlements, some transfers to trusts, and receipt of a property via an estate. These exceptions mean that no tax will be payable on the profit from the sale in these specific circumstances, even if the property has been owned for less than two years.

Expiry of Older Brightline Periods: Properties purchased before July 2022 will no longer be subject to the Brightline test as of July 2024, provided the sale occurs after at least two years of ownership.

Importance of Legal and Tax Advice: Given these changes, property owners are advised to seek legal and tax advice before selling a property. This ensures awareness of their obligations under the updated Brightline rules and potential tax implications based on their specific situation. Understanding these obligations can help in planning property transactions effectively and complying with tax requirements.



What you need to know about the new DTI rules:

From 1 July 2024, the Reserve Bank of New Zealand has introduced new debt-to-income (DTI) restrictions on banks for residential home lending, applicable to both owner-occupiers and property investors. DTI measures a borrower's total debt against their gross income before taxes, providing insight into their debt management capability.

Key Details of DTI Restrictions are as follows. Owner-Occupier Loans: Banks can allocate up to 20% of new loans to owner-occupiers with a DTI ratio exceeding 6. Investor Loans: Banks can allocate up to 20% of new loans to property investors with a DTI ratio exceeding 7. These limits, known as 'speed limits,' permit a portion of high-DTI lending beyond the specified thresholds.

High-DTI Definition: Owner-Occupier: Borrowing over 6 times the gross annual income (before tax), minus any existing debt. Example: A household earning \$120,000 annually with \$20,000 in existing debt is considered high-DTI if borrowing over \$700,000 ($6 \times \$120,000 - \$20,000 = \$700,000$). Investor: Borrowing over 7 times the gross annual income (before tax), minus any existing debt.

DTI rules are macroprudential tools aimed at enhancing financial stability by preventing excessive credit extension during economic booms, which could lead to increased loan defaults during downturns. They complement existing measures like loan-to-value ratio (LVR) restrictions. There are some exemptions to the DTI rules. Certain loans are exempt from DTI restrictions, including:

- Loans from Kainga Ora (the government housing agency).
- Mortgage refinancing where the new loan does not exceed the original amount.
- Loan portability when changing properties (if the new loan value does not exceed the original).
- Bridging finance.
- Property remediation (e.g., for leaky homes).
- Construction loans for new builds or Kiwi Build properties.

If you are looking for more information around these exemptions, they are detailed in the Reserve Bank's policy document BS20.



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Let's talk.

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What's happening in the North Dunedin market?













Renting for 2025

It's that time of year again in the North Dunedin area where all landlords are wondering how we navigate the letting period for 2025. After the change over last year landlords are doing everything to make sure their properties are fully rented for 2025. Things to think about before setting your rents and marketing the property:

- Otago University Halls of Residence are NOT full for 2024, with the Otago Uni enrolments down 2% from the previous year. This may have a negative impact on the student rental market when they look for properties as second/third year students.
- Students are becoming more discerning in their choice of accommodation and focus on the level of insulation and type of heating.
- Newer properties are in high demand and new developments of student accommodation being built in the city are providing quality options which are becoming preferable with students.
- Poorer maintained properties have the potential to remain less desirable. Taking all of that into consideration, now would be a good time to complete any outstanding maintenance or decorating prior to students viewing the properties so you get the best groups looking and applying. So far Castle Street, Leith Street and Howe Street are always popular with the second-year students and are being rented now with increases for 2025. With discussions happening, there is a mixed bag of rents with some landlords keeping the rent the same for 2025 to secure full rental while others are increasing. This does depend on the type of property and location you have.
- Now would be the time to make contact with your tenants and gauge their intentions for 2025.



RECENTLY SOLD

SOLD  4A & 4B Lovelock Ave North Dunedin 🏠 10 🚗 2 🚗 OSP Sale Price \$1,040,000 9% Vendor Dunedin Purchaser Otago	SOLD  784 George Street North Dunedin 🏠 7 🚗 3 Sale Price \$1,030,000 6.7% Vendor Auckland Purchaser Auckland	SOLD  840 Great King Street North Dunedin 🏠 5 🚗 5 🚗 OSP Sale Price \$950,000 6.8% (nett) Vendor Australia Purchaser Dunedin
SOLD  16/54 Anzac Avenue Dunedin Central 🏠 5 🚗 2 🚗 OSP Sale Price \$825,000 6% Vendor Dunedin Purchaser Dunedin	SOLD  531A Leith Street North Dunedin 🏠 5 🚗 2 🚗 OSP Sale Price \$800,000 6.2% Vendor Wanaka Purchaser Wanaka	SOLD  28A Melrose Street Roslyn 🏠 2 🚗 1 🚗 1 + OSP Sale Price \$670,000 Vendor Dunedin Purchaser Dunedin
SOLD  3/254B Middleton Rd Corstorphine 🏠 4 🚗 3 🚗 OSP Sale Price \$610,000 Vendor Auckland Purchaser Dunedin	SOLD  23 Falkland Street Maori Hill 🏠 4 🚗 1 Sale Price \$603,000 Vendor Auckland Purchaser Dunedin	SOLD  78 Stafford Street Dunedin Central 🏠 5 🚗 3 🚗 2 Sale Price \$580,000 9.2% Vendor Dunedin Purchaser Auckland
SOLD  22 Hyde Street North Dunedin 🏠 4 🚗 1 Sale Price \$510,000 6.1% Vendor Dunedin Purchaser Tauranga	SOLD  462 North Road Normanby 🏠 2 🚗 1 Sale Price \$350,000 Vendor Dunedin Purchaser Dunedin	SOLD  8 Bathgate Street South Dunedin 🏠 2 🚗 1 Sale Price \$290,000 Vendor Auckland Purchaser Dunedin

Thinking of selling? **Contact us today for a free no obligation appraisal of your property.**

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



INVESTMENT LISTINGS



379 Leith Street, North Dunedin
University on your door step!

🏠 7 🚗 2 🚗 OSP

Sale Price \$1,450,000
Rental \$1,610pw



381 Leith Street, North Dunedin
Can't beat the location!

🏠 5 🚗 5

Sale Price \$1,250,000
Rental \$1,350pw



381A Leith Street, North Dunedin
Awesome student campus living

🏠 5 🚗 5

Sale Price \$1,250,000
Rental \$1,350pw



24 Melrose Street, Roslyn
Character home and income or investment

🏠 10 🚗 5 🚗 OSP

Sale Price Negotiable over \$1,250,000
Rental \$1,695pw (periodic: house/unit)



125 Rosebank Avenue, Wakari
Multi-unit investment with potential

🏠 7 🚗 4 🚗 3

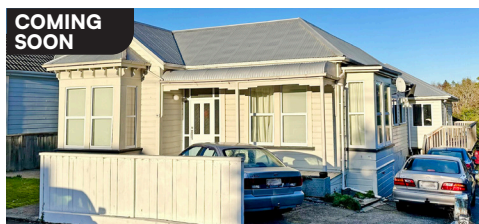
Sale Price Deadline Sale
Rental \$1,125pw



802 Cumberland Street, North Dunedin
Perfect standalone student investment

🏠 5 🚗 2

Sale Price Offers over \$895,000
Rental \$1,075pw



14 Chambers Street, North East Valley
Renovated valley villa

🏠 6 🚗 2 🚗 OSP

Sale Price \$850,000
Rental \$1,050pw (as a 5 bed)



8 Heriot Row, Dunedin Central
Potential for renovation and growth

🏠 8 🚗 2 🚗 OSP

Sale Price Enquiries over \$790,000
Rental \$220pw per room



18F Forth Street, North Dunedin
Purpose-built investment

🏠 6 🚗 2 🚗 OSP

Sale Price \$769,000
Rental \$1,110pw



11 Knox Street, North East Valley
Gardens Bungalow

🏠 6 🚗 2 🚗 OSP

Sale Price \$760,000 - 8%
Rental \$1,170pw



740D George Street, North Dunedin
Modern and renovated & perfect location

🏠 3 🚗 1 🚗 OSP

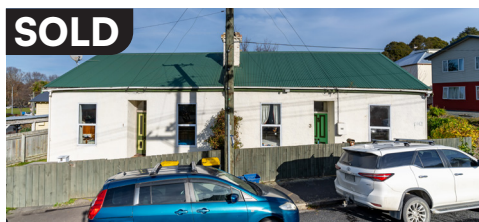
Sale Price Enquiries over \$750,000
Rental \$640pw



122 Frederick Street, North Dunedin
Solid brick Campus investment

🏠 5 🚗 1 🚗 OSP

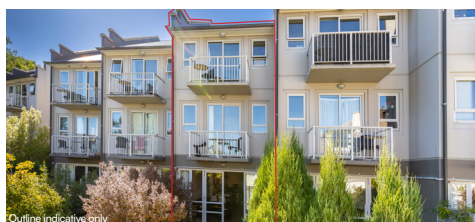
Sale Price \$730,000
Rental \$785pw



1 & 3 Glencairn Street, North East Valley
Two for One

🏠 7 🚗 2

Sale Price \$699,000
Rental \$933pw



9/73 Buccleugh Street, North East Valley
Well maintained four-bedroom apartment

🏠 4 🚗 4 🚗 OSP

Sale Price \$689,000
Rental \$1,070pw (landlord costs apply)



106A Queen Street, North Dunedin
Modern student apartment

🏠 4 🚗 2 🚗 OSP

Sale Price Negotiable over \$650,000
Rental \$780pw



787B George Street, North Dunedin
Golden mile investment

🏠 5 🚗 2

Sale Price Offers over \$650,000
Rental \$790pw



865 George Street, North Dunedin
Four-bedroom student flat on George

🏠 4 🚗 1 🚲 1

Sale Price \$649,000
Rental \$740pw



1 Agnew Street, North Dunedin
Kids at Uni 2025?

🏠 4 🚗 1

Sale Price Enquiries over \$575,000
Rental \$680pw



445 North Road, North East Valley
Solid home with options!

🏠 4 🚗 2 🚲 3

Sale Price Enquiries over \$550,000
Rental \$600pw



1A Mulberry Lane, Bradford
Welcome to your elevated haven in Bradford!

🏠 3 🚗 1 🚲 OSP

Sale Price \$549,000



1B Mulberry Lane, Bradford
Easy living starts here!

🏠 3 🚗 1 🚲 OSP

Sale Price \$549,000



17 Woodhaugh Street, Woodhaugh
First home or investment

🏠 3 🚗 1 🚲 1+ OSP

Sale Price \$499,000
Rental \$500pw



3/377 Leith Street, North Dunedin
Campus upmarket apartment

🏠 1 🚗 1

Sale Price \$469,000
Rental n/a

PROPERTY WANTED!

We have buyers looking in the Campus and North East Valley areas, up to \$600,000.

If you are thinking of selling, contact us today.



66 Dundas Street, North Dunedin
Entry level Uni investment!

🏠 4 🚗 1

Sale Price Enquiries over \$450,000
Rental \$480pw



142 Forth Street, North Dunedin
Cute as a button

🏠 3 🚗 1

Sale Price \$399,000
Rental \$525pw



78A Gladstone Road, Dalmore
One-bedroom self-contained apartment

🏠 1 🚗 1 🚲 OSP

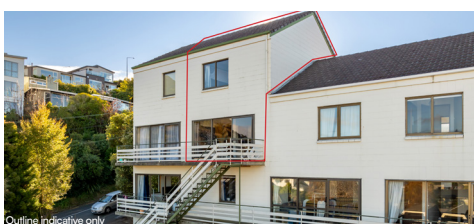
Sale Price \$375,000
Rental \$420pw



78B Gladstone Road, Dalmore
One-bedroom self-contained apartment

🏠 1 🚗 1 🚲 OSP

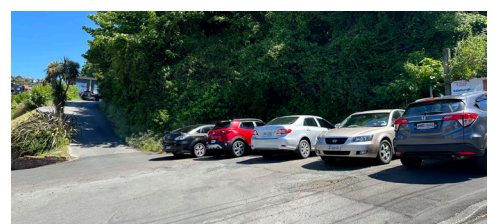
Sale Price \$375,000
Rental \$420pw (2024), \$460pw (2025)



14/97 Queen Street, North Dunedin
Low maintenance unit

🏠 2 🚗 1 🚲 OSP

Sale Price Enquiries over \$340,000
Rental \$310pw (Periodic tenancy)



21D Clark Street, Dunedin Central
Carparks with Development potential

🚗 15

Sale Price Enquiries over \$250,000
Rental \$17,500pa (approximately)

RESIDENTIAL LISTINGS



1 Leyden Terrace, Andersons Bay

Family home in a peaceful setting

🏠 6 🚗 3 🚗 4 + OSP

Sale Price \$999,000



8 Duncan Street, Dunedin Central

Charming low maintenance home

🏠 3 🚗 1 🚗 1 + OSP

Sale Price \$599,000



1/254B Middleton Road, Corstorphine

Modern townhouse

🏠 4 🚗 3 🚗 OSP

Sale Price \$589,000



3/76 Bond Street, Dunedin Central

Offering style and space

🏠 3 🚗 3 🚗 2

Sale Price Enquiries over \$850,000



2/76 Bond Street, Dunedin Central

Brand-new inner-city apartment

🏠 2 🚗 2 🚗 2

Sale Price \$659,000



83 Maryhill Terrace, Maryhill

Versatile home with sensational views

🏠 3 🚗 2 🚗 OSP

Sale Price \$599,000

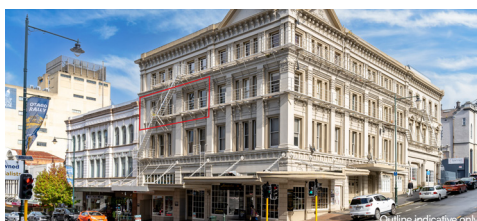


4/254B Middleton Road, Corstorphine

Four-bedroom modern townhouse

🏠 4 🚗 3 🚗 OSP

Sale Price \$589,000



2/31 Dowling Street, Dunedin Central

Convenient, well-located apartment

🏠 2 🚗 1

Sale Price \$579,000



241 Ravensbourne Road, Ravensbourne

Watch the ships go by!

🏠 2 🚗 1 🚗 OSP

Sale Price \$489,000

SECTIONS FOR SALE



127 Barr Street and 2 Wattie Fox Lane, Kenmure

A legacy subdivision opportunity awaits

📐 approx 4.7164 hectares (more or less)

This expansive block of land is elevated above Kaikorai Valley Road. The gentle rolling hillside allows for a subdivision plan which will give most sites a view and great sun.

Sale Price Deadline Sale



254C Middleton Road, Corstorphine

Great development potential

📐 1.0689 hectares (more or less)

Located on a rear private site, with a north west aspect to receive great sun and rural outlook.

Sale Price Neg over \$700,000



3 Rosella Place, Mosgiel

Looking for the right section? Look no further!

📐 1,005m² (more or less)

Sale Price Enquiries over \$399,000



Lot 2, 39 Blackhead Road, Concord

Beauty section on Blackhead Road

📐 687m² (more or less)

Sale Price By Negotiation