



PROPERTY MANAGEMENT FOCUS

The average weekly rent rose 7.4% in the year to June 2011, and 35% of New Zealand households made rent payments over that period.

The figures were revealed in Statistics New Zealand's Household Economic Survey, which also found in the two years to June 2011 the proportion of households spending 30% or more of their income on housing increased from 19.5% to 21.8%.

For households in rental accommodation that figure increased from 33.8% of households to 39.1%.

The survey revealed that for households in rental accommodation the average weekly rent increased 7.4%, from \$242 in 2009/10 to \$260 in 2010/11. This increase followed a slight decrease in 2009/10 resulting in a 6.6% increase over the two years from 2008/09 to 2010/11.

In 2010/11, 38% of households made weekly rent payments of \$300 or more, up from 33% in 2009/10, and 34% in 2008/09.

In 2010/11, 8% of households made weekly rent payments of \$450 and over, relatively unchanged from 2009/10 and 2008/09.

The survey found that when it comes to mortgage rates, average weekly payments were little changed.

In the year to June 2011, 31% of all households made mortgage payments.

Over the two years from June 2009 to June 2011, average weekly mortgage payments fell slightly, down 1.8% from \$376 to \$369, with Statistics NZ citing a decrease in mortgage interest payments for the fall.

While rents have risen, and mortgage payments remained relatively unchanged, there has been little change in income over the last two years.

The average household income increased slightly from \$76,584 in the year ended June 2010 to \$79,159 in the year ended June 2011. However, the median annual household income decreased slightly from \$63,237 to \$62,853.

Market Closeup

Fixed rate 1 year (avg of all NZ bank offerings).....	5.8%
Floating Rate as at 25/11/11 (avg of all NZ bank offerings).....	5.73%
NZD/USD.....	0.7497 (28/11/11)
Average National Weekly Rent (new private tenancies).....	\$328
Average National House Price (Harcourts).....	\$370,843

(Source: interest.co.nz; Harcourts Group Ltd; Department of Building and Housing)

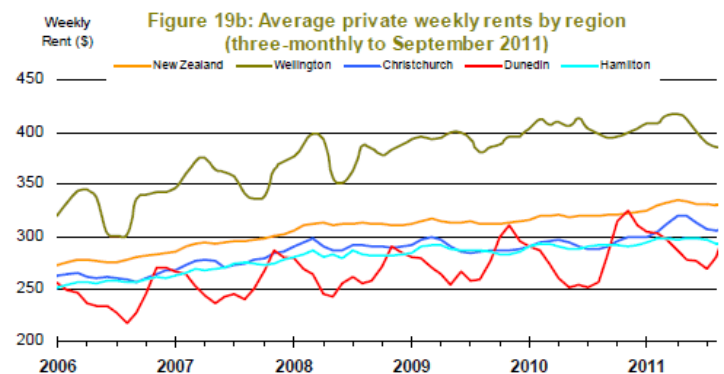
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Rental prices (New Zealand totals)

Over the next while you will see some changes to this section of the Harcourts Property Management Focus. In the past we have brought you statistics relating to rental prices across New Zealand, thanks to the Department of Building and Housing. In response to recent feedback received, we will now bring you a brief overview with statistics from different regions across New Zealand. This month we will focus on Hamilton.

"Hamilton's rental market remains strong and we have seen an increase in the number of investors re-entering that market. Quality housing has shown an increase in average rent of around 5% from a year ago, where as standard to low end housing is showing a slight drop. This highlights the importance as a landlord of having a well maintained property and buying in the correct area for your investment goals. Vacancy rates are lower than they have been in 2 years indicating it's a great time to buy."



(Source: Department of Building and Housing)

4 Common Mistakes Made by First Time Investors

When it comes to property, there's no shortage of information available about what investors should do in order to succeed. But perhaps, more importantly, are the pitfalls to avoid so you don't become a statistic of the property game. Here are some ideas on how to avoid the common mistakes.

DON'T EXPECT TO BE AN OVERNIGHT MILLIONAIRE

Many people get into property investment hoping to become overnight millionaires. They think property will be a quick fix to their financial problems, but the truth is seeking short term gains in real estate is more about speculation than strategic investing.

Securing proven, high performing property that grows consistently over the long term is the only way to ensure you make it to the top of the property ladder.

NOT UNDERSTANDING THE MARKET

Understanding property markets takes time and getting to grips with the cyclical nature of real estate is something that even eludes many experts.

You need to know the neighbourhood you intend to invest in like the back of your hand. Make yourself completely familiar with any given area by pounding

the pavement and talking to the locals, real estate agents and property managers. Find out all about the amenities, vacancy rates and historical values of properties in the area.

You can never know too much about your investment!

POOR CASH FLOW MANAGEMENT

Understanding all of the costs involved in acquiring and holding property can be difficult. You need to make sure that you can afford to hold onto any property you buy. In other words, how much income will your investment generate and will it be enough to cover your outgoings? If not, can you manage any shortfall?

Don't forget to account for any unforeseen situations, such as extended vacancy periods or unexpected maintenance costs.

GETTING THE WRONG FINANCIAL ADVICE

When it comes to financing your property investments, seek help from a qualified, professional mortgage broker.

Going it alone can be daunting and time consuming and obtaining the right type of finance can save you thousands in the long run.



Did you know?

- The national median house sale price was \$350,000 in September 2011 compared with \$355,000 in August and \$345,000 in July, according to the Real Estate Institute of New Zealand (REINZ). The September median sale price was unchanged from September 2010.
- The REINZ House Price Index¹ rose 1.7% from

August 2011 and 2.7% from September 2010. The trend in house prices remains flat with median price for September 2011 down 0.4% from September 2007 (Figure 11).

- Median sale prices² in September 2011 were: \$475,000 in Auckland, a 5.6% rise from \$450,000 in September 2010
- \$380,000 in Wellington, a 4.6% fall from \$398,500 in September 2010

\$311,500 in Canterbury, a 4.7% rise from \$297,500 in September 2010

- Residential mortgage approvals by value rose in value to near the NZ\$1 billion mark last week, their highest level since April 2009, according to Reserve Bank data.
- The latest Reserve Bank sector credit figures show slow growth in housing loans, up 1.2% year-on-year in October to NZ\$173.010 billion and up just NZ\$127 million month-on-month from September