

Marlborough Market Watch

Bringing you the latest news, facts and figures specific to your local market



What's been happening in Marlborough?

Activity in residential sales for Marlborough/Kaikoura is on the rise with 87 sales compared to 69 sales in June.

There were 8 section sales for July, on a par with the 6 sales recorded for June.

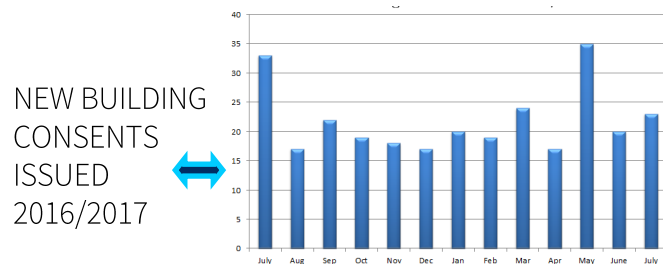
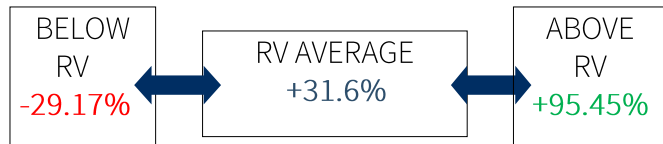
The median sell price for homes in Marlborough remained steady at \$400,000 in comparison to June's \$396,000.

The median number of days to sell has also remained reasonably steady in July with 34 days compared to June's 31 days. The total value of sales for July was \$36,945,093

Compared to last year

	July 2017	July 2016
Total Sales	87	86
Value of Sales	\$36,945,093	\$31,915,450
Average List Price	\$377,000	\$335,000
Average Sale Price	\$400,000	\$335,000
Average Days to Sell	34	24

SALE PRICE TO RATEABLE VALUE RATIO July 2017



Commercial Roundup

Cap Rate Definition

What is a cap rate? The capitalisation rate, often just called the cap rate, is the ratio of Net Operating Income (NOI) to property asset value. So, for example, if a property was listed for \$1,000,000 and generated a NOI of \$100,000, then the cap rate would be \$100,000/\$1,000,000, or 10%.

$$\text{Capitalisation Rate} = \frac{\text{Annual net operating income}}{\text{cost (or Value)}}$$

The cap rate is a very common and useful ratio in the commercial real estate industry and it can be helpful in several scenarios. For example, it can and often is used to quickly size up an acquisition relative to other potential investment properties. A 5% cap rate acquisition versus a 10% cap rate acquisition for a similar property in a similar location should immediately tell you that one property has a higher risk premium than the other. Using the above example of NOI of \$100,000.

(5%) $0.05/100,000 = \text{Value } \$2,000,000 - \text{Purchase price}$
 (10%) $0.10/100,000 = \text{Value } \$1,000,000 - \text{Purchase price}$

Property Management Roundup

The last couple of months have seen a softening in the rental prices in the higher end properties. This was to be expected with the usual winter slump in people moving house. The lower and middle markets continue to achieve good returns with the median for a 3 bedroom house remaining at \$360 per week and \$290 for a 2 bedroom house. 2 bedroom flats sit slightly lower at \$270 per week and a 1 bedroom flat achieving a median of \$200 per week.*

We are seeing a lot of enquiry from investors outside the region, especially Auckland, which is good for our market and translates to confidence in rental properties in Marlborough as a sound, long term investment option. The key to any investment option is to receive quality advice and management and this is where our experienced team in Property Management can assist. If you are looking to purchase a property, or have an existing portfolio and would like some advice, contact Lavina Diamanti or Darren Jones on 03 5780888.

* Ministry Business, Innovation and Employment statistics 6 months to 31/7/17.

Residential Sales (Marlborough)

Under \$300,000	18
Under \$400,000	24
Under \$500,000	19
Under \$600,000	4
Over \$600,000	11

Rural Sales (Marl, Kaik, Pict)

Lifestyle Block	10
Horticulture	1

Sales Overview (Marl, Kaik, Pict)

1 Bedroom	0
2 Bedroom	12
3 Bedroom	52
4 Bedroom	20
5 Bedroom +	3

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