

# DUNEDIN STUDENT & RESIDENTIAL INVESTMENT UPDATE

Q2 2017



## STRONG DEMAND, LOW STOCK

Dunedin is experiencing strong demand from new investors desperately searching for properties to purchase but moderate stock levels are frustrating cashed up buyers that favour the returns this market has to offer.

The loan-to-value ratio (LVR) restrictions have altered the buyer types as predicted and the level of demand from investors based outside of Dunedin is strong. Many local buyers have been locked out and finding finance approval a difficult hurdle to cross for new purchases.

With the northern property markets slowing up and offering very low returns, we are

experiencing an influx of investors hungry for larger properties for cash returns. The lack of stock is a problem right now, highlighted by Colliers International selling almost all of their Dunedin Residential listings.

The high demand and low stock is holding prices for Vendors in good stead with median yields around 7.0% for the Campus and Inner City area and under 8% in the North East Valley sector of the student market.

Although early days, property managers have suggested rises in rents for 2018 are occurring, and once again tenants are lining up for good properties.

## KEY DATES

7 JUN - 21 JUN  
University Exams

22 JUN - 9 JUL  
University Mid-Year Break

26 AUG - 3 SEP  
University Mid-Semester Break

### Student Market Summary of Sales - First Quarter 2017

	TOTAL SALES VALUE	NUMBER OF SALES	MEDIAN PRICE	MEDIAN YIELD
Campus	\$5.6m	10	\$532,000	7.0%
North East Valley	\$4.1m	14	\$270,000	7.8%
Inner City	\$0.7m	1	\$682,000	7.1%

Source: Core Logic, REINZ, Colliers International Dunedin



## CCTV ON CAMPUS

A new initiative has been announced by the University of Otago to install security cameras in the residential streets surrounding the University Campus.

The proposal includes the installation of 60 cameras, linked back into the existing 400 camera strong network within the University. The objective is to provide a safer environment for students living in this area, backing up the good work performed by Campus Watch looking out for students.

Damage and issues reported by the media in the student quarter is often caused by members of the public that are not students. The presence of CCTV cameras will aid in reducing this offensive behaviour, giving Police a greater ability to prosecute offenders where the University has no jurisdiction.

The University has gained support from the Police and the Council while Aurora Energy has already approved the installation of the cameras to their power poles. (ODT, 13/05/17). However, the Otago University Students Association (OUSA) put the plan to their members and of the 3,702 students that voted, 51% opposed it, citing concern with privacy issues. Consequently, the OUSA's now opposes the plan (ODT, 1/06/17).

The University has responded by suggesting the OUSA put forward alternative recommendations to student safety and theft issues. Subject to further consultation, the aim is to have the first roll out of cameras installed later this year.

We see this as a positive plan for student landlords with potential for this to act as a deterrent towards property damage while also helping to keep students' safe, ultimately encouraging more students to come to Dunedin to study.



## STUDENT NUMBERS

The student population that feeds our investment market has changed in the past few years, with growth and decline in different sectors of student demographics.

University student numbers were in decline from 2010 to 2015, but 2016 saw a change and an increase of 213 students to 20,814<sup>1</sup> (total number, not EFT's). An increase of 264 first year students in 2016 confirmed rumours of an increase in demand for Halls of Residence accommodation last year.

This suggests more students moved to second year for 2017 and searched for a flat, and will likely continue into 2018 for third year studies. Putting this in perspective, 264 students needing a place to sleep equates to approximately 52 five-bed flats.

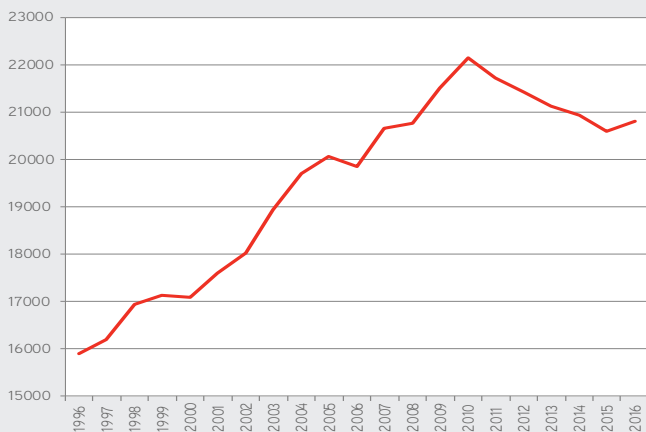
The Otago Polytechnic has also worked hard to grow its student roll. An increase of 44% in International equivalent-full-time students (EFT's) and an overall increase of 2.3% in the past year (ODT, 4/03/17), equates to an approximate nett gain of 100 students enrolled. Around half of all Polytechnic students come from outside Otago, therefore adding to demand for rentals.

However, the 'home area' of University students has not maintained the status quo. Since 1996, there have always been around 5,000 students from Dunedin but this dropped dramatically since 2011. Positively, North Island based students and Overseas students (including NZ citizens living overseas) have grown over this time (see graph below), proving Otago is increasingly an attractive option from the outside looking in.

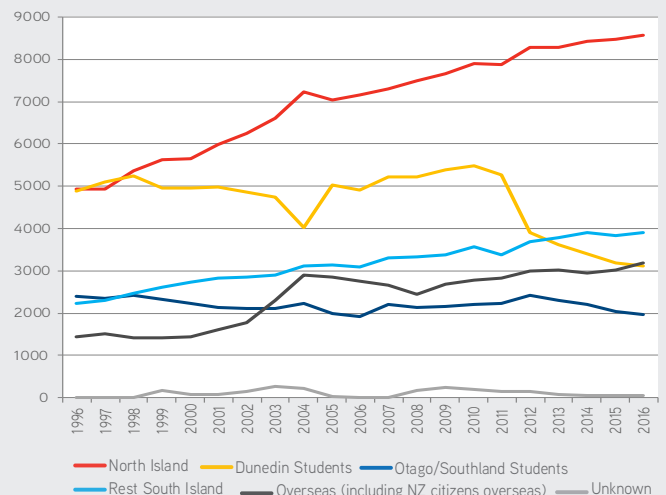
The student investment sector continues to be a solid market but landlords do need to continue to think about their offerings to students with the changing tastes of a new generation.

Source: <sup>1</sup>University of Otago Annual Report 2016

## TOTAL STUDENT ENROLMENTS




## HOME AREA OF STUDENTS



Data Source: University of Otago Annual Reports

# RECENT SALES

**61 NORTH ROAD,  
NORTH EAST VALLEY**




**SABINA APARTMENTS**

Units: 44, 36, 49, 47, 52

Beds/Baths: 1/1

Location of Buyers: Kaiapoi, Christchurch, Dunedin, Reefton

**1054 GEORGE STREET,  
CAMPUS**



Sale Price: \$380,000


Beds/Baths: 4/1

Yield: 6.6%

Interested Parties: 54

Location of Buyer: Queenstown

**32 ST DAVID STREET,  
NORTH EAST VALLEY**



Sale Price: \$1,170,000


Beds/Baths: 1/1+1/1+3/1+4/1

Yield: 6.3%

Interested Parties: 42

Location of Buyer: Nelson

**34 CARR STREET,  
NORTH EAST VALLEY**



Sale Price: \$404,250


Beds/Baths: 5/1

Yield: 7.4%

Interested Parties: 26

Location of Buyer: Dunedin

**31 MORRISON STREET,  
CAVERSHAM**



Sale Price: \$369,000


Beds/Baths: 5/1

Yield: 7.0%

Interested Parties: 38

Location of Buyer: Auckland

**46F QUEEN STREET,  
CAMPUS**



Sale Price: \$298,000


Beds/Baths: 2/1

Yield: 5.6%

Interested Parties: 15

Location of Buyer: Dunedin

**30A VICTORIA STREET,  
ST KILDA**



Sale Price: \$405,000


Beds/Baths: 3/3

Yield: N/A - vacant

Interested Parties: Off Market

Location of Buyer: Auckland

**26 RAMSAY STREET,  
NORTH EAST VALLEY**



Sale Price: \$275,000


Beds/Baths: 4/1

Yield: 7.5%

Interested Parties: 48

Location of Buyer: Dunedin

**121 HARBOUR TERRACE,  
CAMPUS**



Sale Price: \$1,380,000


Beds/Baths: 5/2 + 4/1 + 4/1

Yield: 7.1%

Interested Parties: 8

Location of Buyer: Dunedin

**34 RAMSAY STREET,  
NORTH EAST VALLEY**



Sale Price: \$315,000


Beds/Baths: 4/1

Yield: 6.9%

Interested Parties: 18

Location of Buyer: Auckland

**8A-D WILLIAM STREET,  
INNER CITY**



Sale Price: \$650,000


Beds/Baths: 4x 2/1

Yield: 6.7%

Interested Parties: 40

Location of Buyer: Kaikora

**30 VICTORIA STREET,  
ST KILDA**



Sale Price: \$410,000

Beds/Baths: 4/2

Yield: 6.6%

Interested Parties: 39


Location of Buyer: Dunedin


# MATCHING BUYERS


At Colliers International, we operate a highly comprehensive database of residential investors, not just a mailing list.


Every buyer is asked their criteria for investment so we can match your property directly to the best qualified buyers.

## FOR EXAMPLE:

 BEDS 5

 LOCATION Campus North

 TYPE Add Value


 BUDGET \$500,000 max

 MATCHING BUYERS 91

 BEDS 4


 LOCATION City


 TYPE Passive

 BUDGET \$500,000 max

 MATCHING BUYERS 127

 BEDS 3

 LOCATION North East Valley

 TYPE Passive

 BUDGET \$300,000 max

 MATCHING BUYERS 118

.....  
Test us on how many buyers  
we have for your property.  
.....

# FEATURE LISTINGS

## READY TO RENOVATE

235 High Street, Inner City



- Two flat property
- Renovated downstairs
- Renovate upstairs

For Sale by Negotiation  
[colliers.co.nz/59025](http://colliers.co.nz/59025)

## PREMIUM, LUXURY APARTMENTS

61 North Road, North East Valley



- One bed luxury apartments
- Access to onsite amenities
- Fully furnished

For Sale - \$305,000 (just two left)  
[colliers.co.nz/17583](http://colliers.co.nz/17583)

## BUILD YOUR OWN INVESTMENT PROPERTY

23c Fea Street, North East Valley



- 550m<sup>2</sup> Freehold Site
- Zoned 'Residential 1'
- Slightly elevated with views

For Sale - \$105,000  
[colliers.co.nz/22573](http://colliers.co.nz/22573)

## POTENTIAL CASH COW

4 Kyber Pass, Inner City



- 8 studio rooms
- Great location
- Stunning views

For Sale - \$670,000  
[colliers.co.nz/59520](http://colliers.co.nz/59520)

## CENTRAL CITY INVESTMENT

92 Filleul Street, Inner City



- 6/7 studio rooms
- Ideal investment location
- Near fully furnished

For Sale by Negotiation  
[colliers.co.nz/54164](http://colliers.co.nz/54164)

## IMPECCABLY RENOVATED VILLA

156 Dundas Street, Campus



- 6 beds 2 baths
- Fully leased at \$840 per week
- Stylish modern renovation

SOLD  
[colliers.co.nz/58134](http://colliers.co.nz/58134)

## WANT TO SELL?

We have cashed up investors from all around the country wanting to buy now.

Call us to discuss how we can help you.

## WANT TO KNOW MORE?



Matt has been heading the Student & Residential Investment Sales in Dunedin since it was introduced to Colliers International in 2011. He has developed the brand into a major player in the investment property market, delivering a professional marketing style that is achieving impressive results for clients.

Call Matt for an up to date discussion on the market.  
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[colliers.co.nz/student-investment](http://colliers.co.nz/student-investment)



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