



CoreLogic[®]

NEW ZEALAND PROPERTY SURVEY

SEPTEMBER 2015

We asked New Zealanders what they really thought about property. What challenges Kiwis faced when selling or buying and how they felt about the property market. Here are the results.

Property has become a major national pastime in New Zealand, with most of us buying, renovating or selling at least one property in our lifetime.

While there is no shortage of statistics about the New Zealand property market, there is less information available regarding the drivers behind our purchasing decisions, the stress factors associated with buying and selling, and the attitudes of those yet to take their first step onto the property ladder.

The CoreLogic New Zealand Property Survey addresses this information deficit by taking the pulse of CoreLogic customers who use QV.co.nz and are currently active in the property market. Out of around 125,000 customers across New Zealand who are property owners or renters, 16,000 people responded to this survey.

Based on active QV.co.nz users this survey provides a much needed insight into the motivations, concerns and other key factors that shape our changing attitudes toward property in New Zealand in 2015.

Our customers

We wanted to find out more about the Kiwis who participated in the New Zealand Property Survey - asking them where they lived, how old they were, whether they have families and did they own property.

The majority of respondents came from New Zealand's main centres: Auckland, Hamilton, Wellington, Christchurch and Dunedin, with 68% of people listing one of these cities as their home town. The next most common location was the Manawatu/Wanganui region, where 4% of respondents lived.

From a North/South Island split, participants were much more likely to call the North Island home, with 79% living there, 20% in the South Island and one per cent living outside New Zealand. Over half of those surveyed lived in either Wellington or Auckland. Auckland was the dominant city with 37% of all respondents living there, and 17% from Wellington.

Age of participants

Of all respondents in the survey, over half were **“Baby Boomers”** (born between 1946 and 1965).

Just over a quarter were aged between 50 and 59, just over a fifth between 60 and 69, and 9% were aged over 70. The next biggest group was 40–49 year olds who made up 24% of respondents.

Only 3% of respondents were under the age of 30 – with no-one under 25. While those in their 30s were 16% of respondents.



Family & Dependants

The split between those with dependants and those without was **59%** with no dependants, and **41%** with dependants.

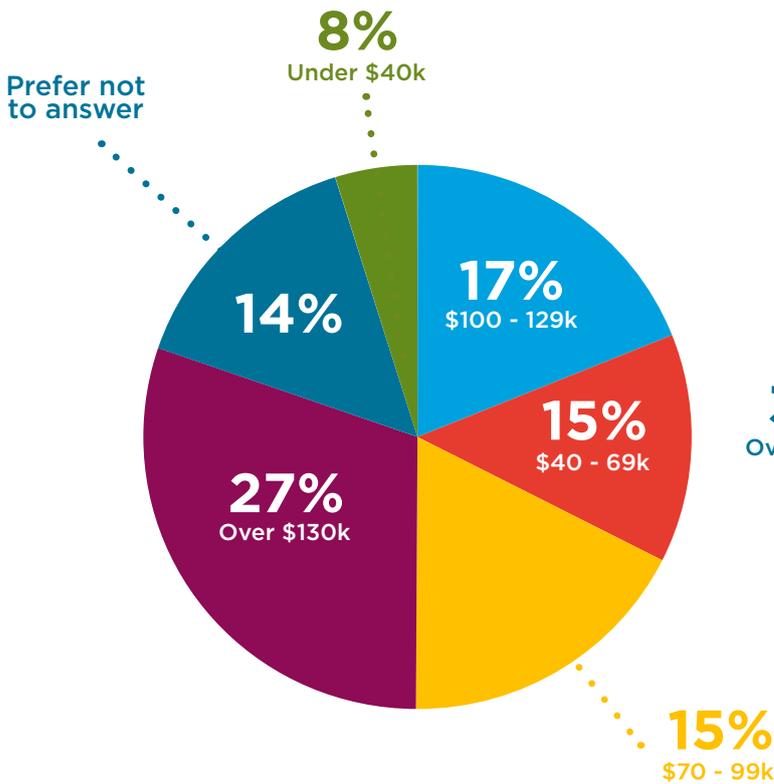
Of the 41% with dependants, the most common number of dependants was two, with 18% of all those surveyed having that number. 14% had one and 9% had three or more.

The high number of those without dependants is likely to be from the older age-groups that made up the majority of survey respondents – with children all moved out of home, their number of dependants would be expected to be zero or close to zero.

Household Income

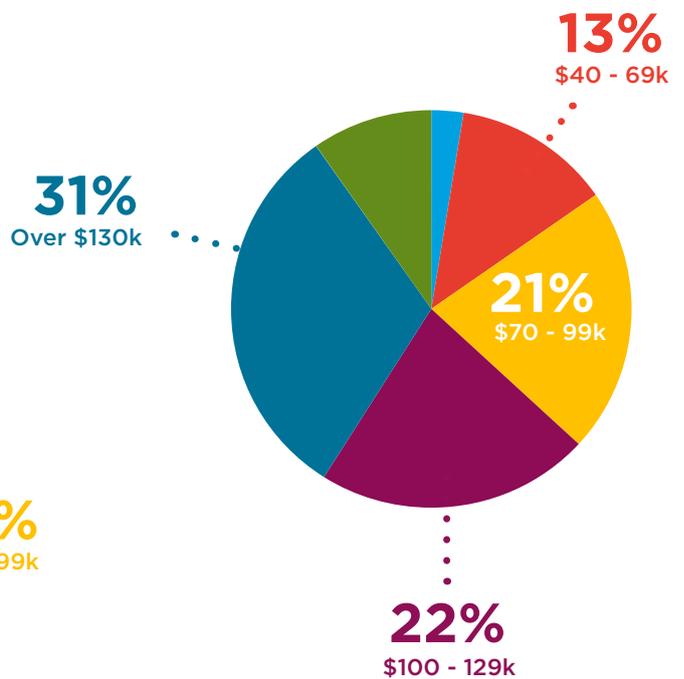
44% of respondents reported a combined total household income over \$100,000 per year. This was made up of 17% earning between \$100,000 and \$129,000, and 27% earning more than \$130,000. This was followed closely by 34% earning between \$40,000 and \$99,000 while 8% had a combined income of less than \$40,000. A smaller group of those surveyed preferred not to answer.

All respondents:



Of all respondents under 40 years old, over half reported a combined household income of over \$100,000.

Under 40 years of age:



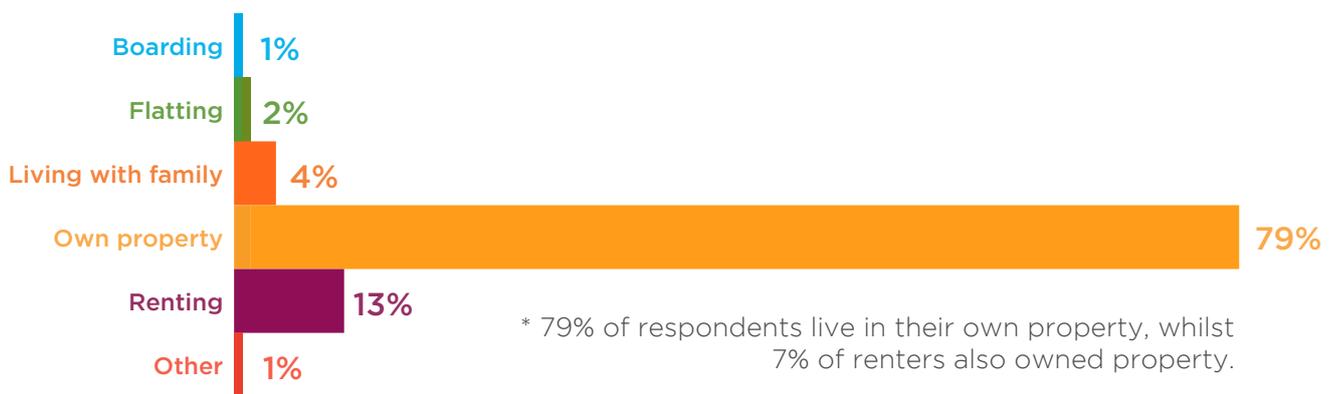
A further 21% of under 40's earned between \$70,000 and \$99,999 with just 16% earning below \$69,000.

Current living situation

90% of respondents live in their own property, while 7% of renters also own property. This makes for a total of 94% of all survey respondents being property owners. The numbers in Auckland closely correspond with the national average, with 88% of respondents living in their own property, and 8% renting.

Survey respondents under 40 were marginally less likely to own property with 87% of them having invested in property at one stage, compared to the overall response of 94%.

A total of 94%* of all survey respondents were property owners.



38% of those under 40, not living in their own property, own an investment property. So 87% of respondents under 40 have invested in property of some sort – compared to 94% of total respondents.

Those aged under 40 earn more but less are on the property ladder than those over 40. In Auckland 92% of respondents also have invested in property, with 88% living in their own property again a lower figure than all respondents.

“While Central Auckland is expensive, it is time to look elsewhere. **Hard work and saving** can mean you can still afford to buy, it just may not be the quarter acre dream anymore”. SURVEY CUSTOMER QUOTE



The home buyer

13% of respondents were actively looking for a property to purchase, while 20% had bought a property. This leaves 67% of respondents not having made a property investment in the last 12 months.

Of the 20% who had bought, the biggest reason given was “investment” with upsizing/downsizing and first-home coming second and third respectively. Investment was over twice as likely a response as the next most common.



One third of all survey respondents indicated that over the last 12 months they had either **looked to buy or had bought a property.**

Reasons for buying:



“People should **look at cheaper** not necessarily new houses that **they can add value to**, like we did”

SURVEY CUSTOMER QUOTE



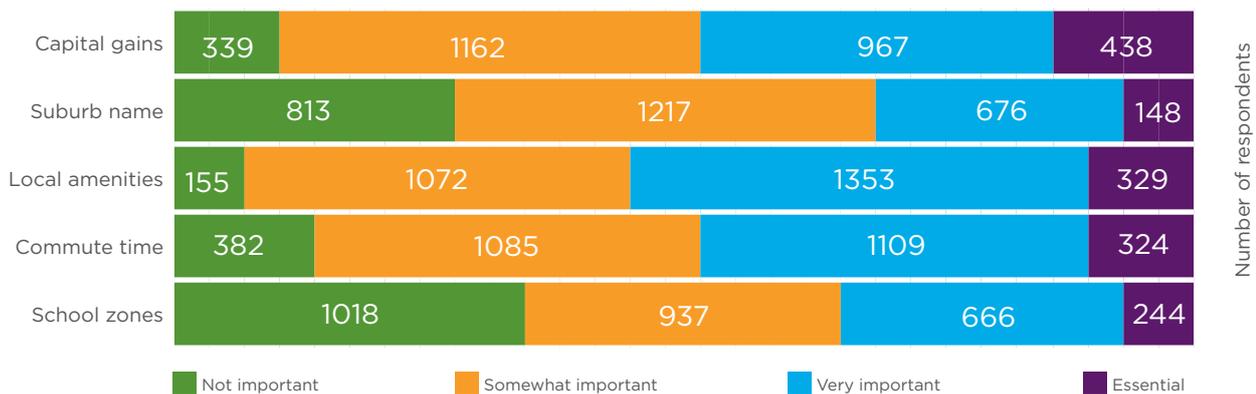
Deciding factors

58% of people felt that **local amenities were “very important” or “essential”** when making the decision to buy.

Commuting time was the second most cited factor, indicating why buying in Auckland city can be so expensive – people want to live close to where they work.

Capital gains were also considered important. This factor was regarded as “essential” by the greatest number of respondents, demonstrating the high number of investment properties being purchased. While suburb name and school zone were considered less important.

Factors that impact purchasing decisions:



When asked to identify the single most important variable when considering buying a property, nearly twice as many people chose “opportunity to add value” than the next most popular “low maintenance”. This is consistent with the investment preference and capital gains.

Home owners felt the most stressful part of the process (as identified by the survey respondents) was the physical move itself, which was marginally ahead of the property search and negotiating a price.

The home seller



Of the 16,000 survey respondents, **32% indicated they had either sold or were looking to sell property over the last 12 months.**

Just 13% of respondents who had recently listed their property for sale were successful in selling, with 6% saying their house was on the market and another 13% saying that they planned on selling within the next year.

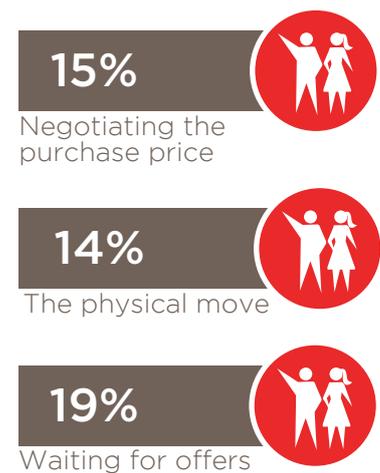
Reasons for selling:



While the major motivation given for buying was “investment” by a factor of almost 2 to 1, the biggest reason given for selling was “downsizing”, with “investment” the next biggest.

Respondents indicated the **most stressful** factor associated with selling was the physical labour attached to it - **preparing the house for viewing** with **25% of respondents agreeing.**

Stress Factors:



Property Concerns

For the 94% of survey respondents, including renters who owned a property, their greatest concern was property value, followed closely by rates increases and major maintenance expenses. In Auckland however, rates increases was the number one concern, with property value second.

This reflects the unique nature of the Auckland housing market. Rates in our largest city have recently been forecast to increase by an average of 9.9% – driving up concern for Auckland home owners.

Sum insured value featured quite strongly at a national level, however Aucklanders' were less concerned.

Of the customers who owned property 30% cited Rates increases as a primary concern regarding their property.



Property Concerns

The survey asked what tools would be most helpful to owners or buyers. Given the increase in house prices throughout much of New Zealand – and particularly in Auckland and Christchurch, the most useful tools that people sought were related to value. Respondents wanted to understand the changes in value to their own property, as well as having information pertaining to local market trends.

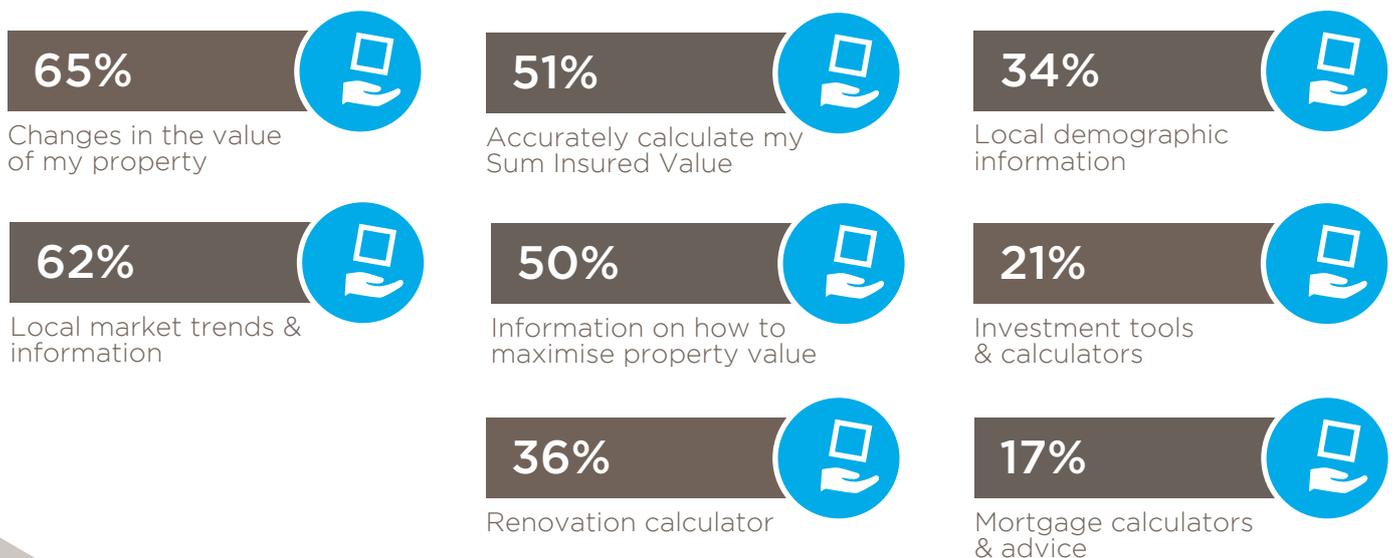
Information on how to maximise value as well as a sum insured calculator rated highly.

At the other end of the scale, calculators for mortgages/investments and renovation costs were considered less helpful. This is unsurprising given the range of mortgage repayment calculator and renovation tools currently available online.



Our customers felt the **most helpful tools** for homeowners and buyers were related to **understanding changes in property value.**

Other information & tools that property owners would find useful:



Renters and non-home owners

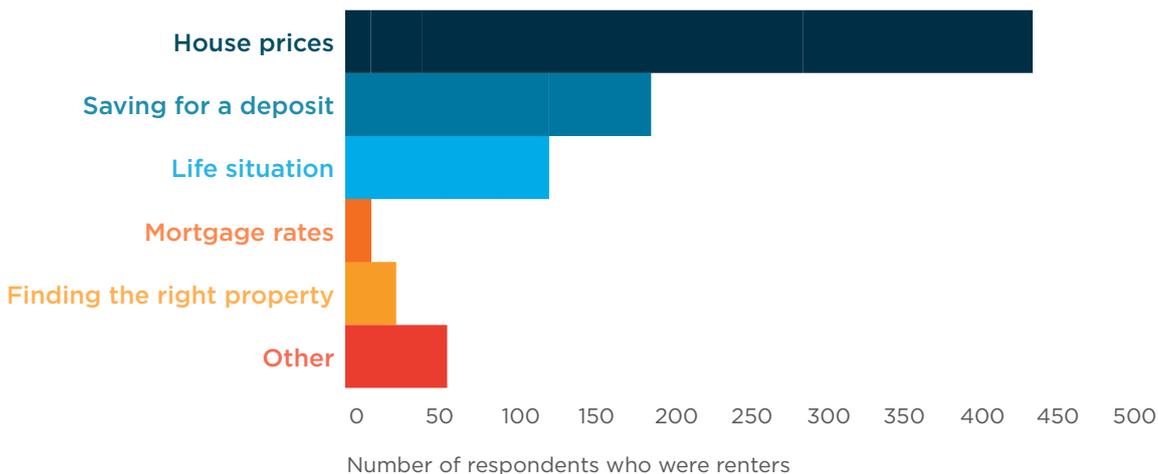
Of the 654 survey respondents who were renters/non-homeowners, nearly three quarters lived in a two or three bedroom property, and just over three quarters paid between \$250 and \$599 a week in rent.

An overwhelming majority of renters wanted to purchase property, with **88%** indicating that they would like to buy.



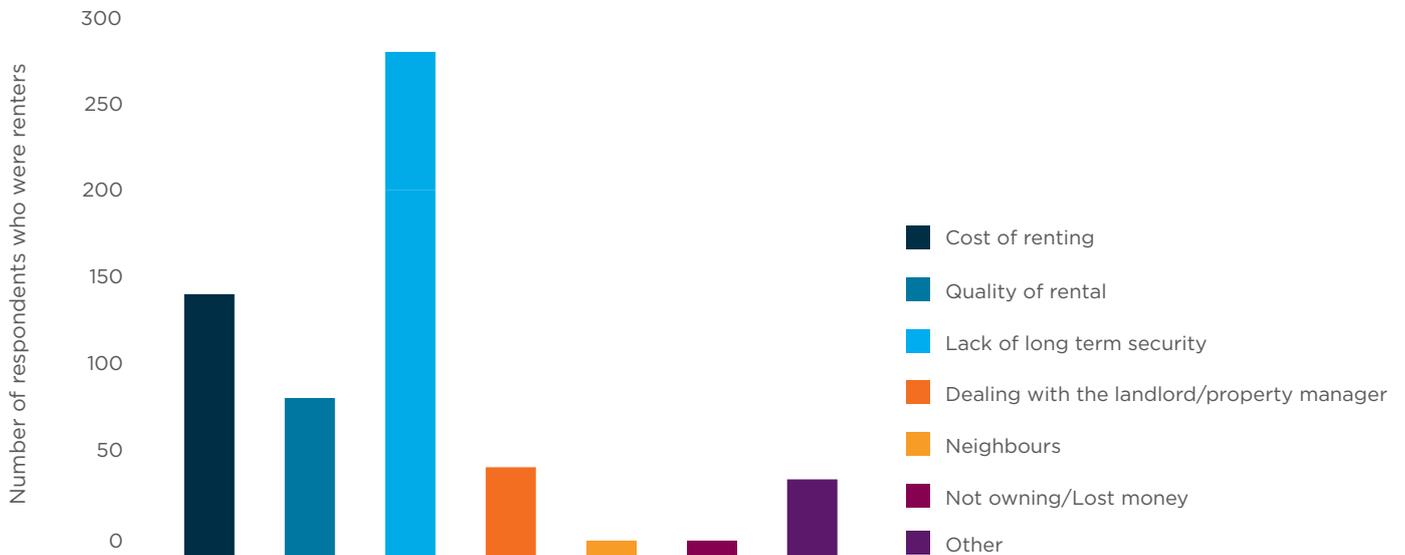
The **main barrier** stopping **88%** of non-homeowners from buying was **house prices** by a significant margin, while **saving for a deposit** was second.

Main barriers to purchasing property:



Stressors of renting

The major stress factor cited among renters was the lack of long-term security. The second biggest stress factor cited was the cost of renting.

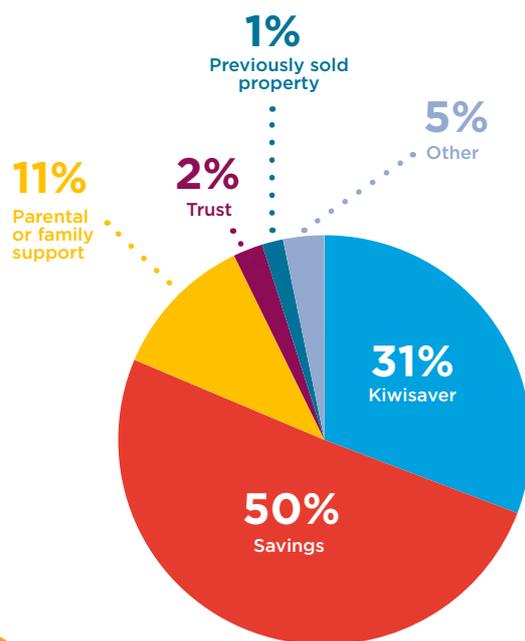


Deposits

As of 1 April 2015, Kiwisaver members were able to withdraw everything except for their \$1,000 Government kick-start payment. However this is only for first-home buyers (and in very special situations others too). Kiwisaver has been in place for 8 years now meaning many New Zealanders have healthy amounts to draw down from.

This factor is reflected in the fact that 31% of respondents who were renters intended to use their Kiwisaver funds as a deposit for their home.

How would renters get a house deposit together:



Purchasing property

Most people who rented and want to buy property also plan on buying a property with their spouse/partner. 91% of renters plan on buying either with a partner/spouse or by themselves. This huge majority is true of New Zealand, Auckland and for those under 40, though the totals of each varies.

With whom would people purchase property:

60%

Partner or Spouse

31%

On their own

4%

With parents or family

3%

Through a trust

1%

With a friend

1%

Other

Other information & tools that renters would find useful:

34%

Information on market rents



29%

Access to property quality rating



14%

Information on tenant rights & responsibilities



11%

Better search criteria for properties



7%

Other



5%

Local amenities & transport information



As with property owners, the information most renters said they were in need of was related to value: **accessibility of property quality ratings, and information on market rents.**

We asked, and our customers answered, with frank responses and opinion about what they really thought about New Zealand's property market.

With a total of 94% of all respondents being property owners – we felt our network of customers were hugely in-tune with the housing market, the stresses and pressures of real estate and how housing in New Zealand influences their purchasing and selling decisions.

An overwhelming amount of respondents were over the age of 40, leading us to believe that many of the younger generation were still struggling to get on the property ladder – as we've aimed to highlight in the 'Renters and non-homeowners' section of this survey. However, we hope the insights provided by the older demographic will enlighten other Kiwis struggling with the property market.

It was clear that property is on the forefront of many Kiwi families' minds, with around a third of all survey respondents indicating they had considered buying or selling in the last year, teamed with a steadily growing market, especially seen in Auckland, this comes as no surprise as New Zealanders look to investing when the market is on a roll.

Nonetheless this survey has demonstrated that no matter how positive Kiwi's feel about the market there are still some very real property concerns out there, and we asked what information or tools property owners thought would make the whole process easier. We hope your feedback and results help to inform other home buyers, sellers and Kiwis new to the market.

Thank you to all of those who participated in the New Zealand Property Survey for 2015!

Regards,

The **CoreLogic** and **QV.co.nz** team.



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