Media Release

Monday 1 October, 2012

Confident investors looking to buy more property – ANZ survey

Property investors are confident and looking to buy more property amid signs of new life in the housing market, according to the 2012 ANZ Property Investment Survey released today.

The survey reveals that investors are taking a long-term view, with almost nine in 10 planning to keep their existing property for the long haul. Sixty-one per cent plan to buy more property, with 49 per cent intending to buy in the next two years.

The proportion of larger investors with seven or more properties is up, along with evidence that the market is now seeing a greater proportion of 'professional' investors.

ANZ's General Manager Specialist Distribution, Craig Moffat, says: "Property investors are clearly upbeat about market prospects but they are realistic and taking a long-term view. This survey gives further evidence that they understand the new dynamics of property investment. They are treating it as a business and focusing on cashflow and managing risk, rather than counting on big capital gains.

"This prudent approach is also seen in the fact that less than a quarter of respondents have increased their debt/value ratio in the past year."

More investors now expect rents and property values to rise in the next year. But their long-term expectations remain realistic. Over the next five years, the average investor expects both their property value and rents to rise by 6-10 per cent.

2012 ANZ Property Investment Survey – key findings

- 85% of property investors expect rents to rise in the next year, compared with 80% in 2011; 87% expect their property value to increase, up from 71% in 2011
- Over the next five years, the average investor expects both their property value and rents to rise by 6-10%
- 61% of property investors plan to buy more property, with 49% intending to buy in the next two years
- The proportion of small-scale investors with up to three properties has fallen (to 52%, from 62% in 2011). A rising proportion are now larger investors with 7 to 10 properties (14%, up from 9% in 2011) and full-time investors with 10 or more properties (9%, up from 6%)
- 38% of investors say their debt/value ratio has fallen in the last year; 40% say it hasn't changed. Top reasons given for a lower ratio are higher principal repayments due to low interest rates and a rise in property values

Key findings continued…

- Compared to last year, a greater proportion of investors say they have examined the insurance cover for their residential investment properties as a result of the Canterbury earthquakes (37% in 2011; up to 48% in 2012)
- Holiday properties: 81% of investors do not own one. Two-thirds of those who do, have no plans to change its current usage as a result of changes to holiday home tax deductibility in this year's Budget
- Like last year, 'government regulations and tax changes' are seen as the biggest risk or issue of being a property investor - this was cited by 37% of respondents

The annual survey of property investors throughout New Zealand, run in conjunction with the NZ Property Investors' Federation, asked about issues affecting the residential property market and where investors see the sector heading over the next year. This year's survey received 1,800 responses – matching last year's record turnout.

For media inquiries contact: Pete Barnao, Corporate Affairs, ANZ New Zealand, ph 09 252 6623 or 027 277 3139