

## News Release

For release: 16 October 2017

### Investors confident, but expect slower growth

Property Investors are expecting slower growth in asset prices and rental income than a year ago, but remain confident in the future of the sector, according to the 2017 ANZ Property Investment Survey.

The survey found that only 3% of investors expect asset prices to increase in the 11% to 20% range, compared to 19 of investors in 2016.

Those who expect zero growth over the next year has risen from 3% in 2016 to 13% from the 2015 survey. Over five years, however, 74% of investors expect positive changes in property values.

Rental expectations have also reduced. Respondents across most of the country expect rental income to increase or hold steady over the next year (92%), but the percentage of investors expecting zero growth in the short term has risen from 10% in 2016 to 19%.

"The 2017 ANZ Residential Property Survey results suggest that an inflection point has been reached in the market," said ANZ Head of Mortgages Glenn Stevenson.

"While most investors continue to expect positive changes in property values over the short and medium term, and in rental income (particularly over the medium term), expectations of growth have moderated considerably since last year's survey.

"Despite this, the survey reveals investors remain strongly committed to the sector."

This confidence has seen almost 70% of respondents indicating they would buy again.

"Off the back of a strong housing market, many of these investors have been delivered a free kick in terms of improved LVR positions from asset price increases," Mr Stevenson said. "This will have created potential room for them to consider buying further property in the future."

#### 2017 ANZ Property Investment Survey – key findings

- 3% of investors expect asset prices to increase in the 11% to 20% range, compared to 19 of investors in 2016.
- The single biggest concern for investors is meth contamination with 48% of investors viewing this as a risk, up 10% from 2016.
- Loan-to-value ratios are the biggest regulatory concerns for investors.
- 20% of investors have changed strategy in the previous 12 months, with 25% more aggressive and 35% more conservative.
- 61% of Auckland investors plan to purchase again within the next two years. This is the highest of all the regions.
- 47% of investors say that the limits on high loan-to-value ratio lending have significantly impacted their strategy in the last 12 months. This is a significant increase on 2016 when 31% of investors felt they had been impacted (and only 16% in 2015).

The annual ANZ Property Investment Survey is run in conjunction with the NZ Property Investors' Federation. The survey involved 784 online interviews with property investors throughout New Zealand. The survey was open for responses from 7 - 27 August 2017.

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