MEDIAN PRICE & SALES

Annual change in South Auckland's median price and sales volumes over five years:

YEAR ENDING	MEDIAN PRICE	% CHANGE	SALES	% CHANGES
May-24	$920,000	-3.2%	6,174	22.6%
May-23	$950,000	-12.7%	5,036	-36.6%
May-22	$1,088,000	18.9%	7,945	-17.1%
May-21	$915,000	16.6%	9,584	73.0%
May-20	$785,000		5,539	

Source: REINZ

PRICE BAND SALES

Annual change in South Auckland's sales volumes across price bands over three years:

	% OF SALES			
PRICE BAND	YEAR ENDING MAY 2021	YEAR ENDING MAY 2022	YEAR ENDING MAY 2023	YEAR ENDING MAY 2024
Less than $600K	0%	0%	0%	0%
$600k-$799k	8%	2%	5%	5%
$800k-$899k	14%	6%	8%	10%
$900k-$999k	13%	10%	13%	15%
$1 million and over	65%	83%	75%	69%

Source: REINZ
** South Auckland has been defined as Manukau City and Papakura District combined*

SUBURBAN GROWTH

South Auckland's top 10 suburbs for capital growth in the year ending April 1, 2024:

SUBURB NAME	MEDIAN VALUE 1/5/2023	MEDIAN VALUE 1/5/2024	ANNUAL % CHANGE
Papakura	$772,800	$811,400	5.00%
Mangere East	$830,600	$866,100	4.30%
Papatoetoe	$807,900	$829,400	2.70%
Otahuhu	$757,000	$775,600	2.50%
Manurewa	$808,000	$826,200	2.30%
Mangere Bridge	$1,167,400	$1,190,500	2.00%
Takanini	$903,100	$915,450	1.40%
Mangere	$876,350	$885,150	1.00%
Manurewa East	$724,400	$729,550	0.70%
Otara	$734,400	$725,650	-1.20%

Source: CoreLogic

Over the past five to six months, Rawson says not only have investors come back into the market, but also developers. Property investors who had land banked is now getting developer eyeball interest. The one downside has been the big weather events over the past 18 months and property with development potential that suffered flood damage was less desirable.

"Every type of buyer wants to know if a property has had flood damage. If an investor can do anything to mitigate prior to selling it would be good," Rawson says.

Land prices have dropped from a blanket square metre rate that ran right across South Auckland. Prices have returned to location, location, location. For example, Papatoetoe is still desirable, and for the right site land is fetching north of $2,000 sq m, while in less desirable parts of Manurewa developers can pay $750 sq m.

Large swathes of South Auckland's housing are run of the mill investment or first-home buyers' property, with first-time buyers accounting for about 25 to 30 per cent of the market.

They have the upper hand when it comes to competition with investors. Both groups of buyers generally buy in the $600,000-$800,000 range. "First-time buyers will get attached to a property and pay a little bit more than the investor, which is understandable," Rawson says. "Smart investors go, 'Oh, that's great. I'll let that one go to the first-home buyer and I'll go buy this other one up the road', which might need a coat of paint or something like that. The first home buyer wants the one that's already had the coat of paint."

FLUID SALES

The Ray White branch has sold everything from $260,000 to $5 million and is working on a deal close to $100 million – basically a new suburb – but Rawson says it's too commercially sensitive to talk about.

Sales, he says, are fluid for sellers with realistic prices. "If a seller bought something in the last year or three and wants to get their money back, they're probably being pretty unrealistic and they know that, but they're holding out. No one's going to overpay for their property just to get them out of a problem."

Despite a listings surge in February, March and April, Rawson says there are plenty of buyers as long as everyone's realistic around expectations. The agency is busy. It had 125 deals signed up in May, compared with its best-ever month of 156 in November 2021, the peak of the South Auckland market.

Popular properties for investors are three and four-bedroom houses on freehold titles. "People buy in South Auckland for a back yard, potential for a granny flat at the rear to improve yield, and car parking."

Rawson believes house prices have hit the bottom. They are still generally selling for 10 per cent below CV. "There are anomalies because the CV is not reflective of what is actually there. If a property is pitched to the right buyers, prices are competitive."

Suburbs in demand are those with good school zones and family networks. "Papatoetoe, for instance, has a big Indian family network and the most popular houses for sale or rent are those within walking distance of the Sikh temple."

He says if a property is close to the temple and for rent it's never vacant and if it is for sale, the price is always competitive.

WHAT CRISIS?

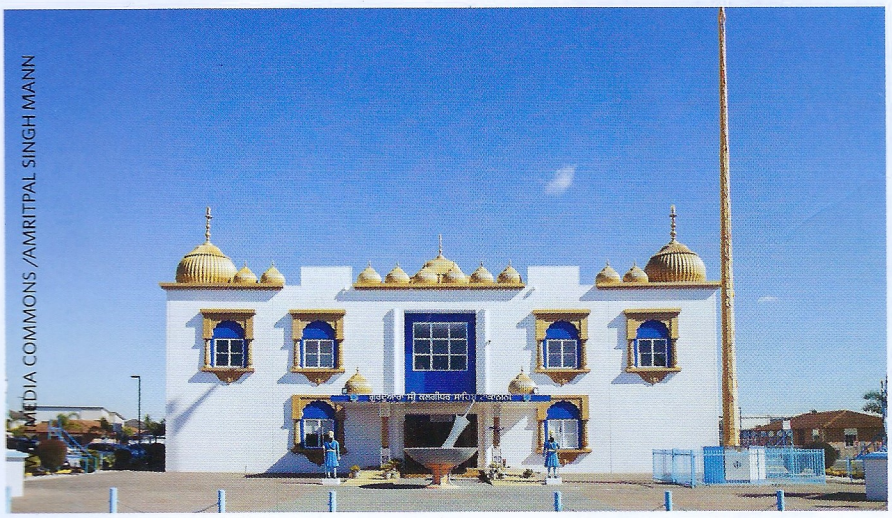
Despite endless stories of a housing crisis, boutique property management agency Let's Rent owner and director Shadi Salehpour doesn't believe there is a shortage of rentals.

"I have never believed there aren't enough houses for people in South Auckland – not in the private sector, perhaps in the government sector," she says.

Salehpour bases this on the effort she



ABOVE An aerial view of Rainbow's End and Vector Wero Whitewater.
RIGHT Takanini's Gurdwara Sri Kalgidhar Sahib is the largest Sikh gurdwara in New Zealand.



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has to put in to get people to viewings of rentals. Limiting the numbers at viewings to no more than 10 groups, she has to phone or text them to remind them to turn up.

"What potential tenants think when they book a viewing is that it's through a system and a human is not involved. Come viewing day they forget to turn up. Even with a push, people don't willingly turn up. Maybe only half will attend, so that's why I say there is no shortage of rentals in South Auckland."

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If a rental doesn't get taken within 17 days, the standard time it takes for Let's Rent to list the property online, first viewing, application signed and deposit received, Salehpour says it's because the right calibre of tenant hasn't been found.

She is a believer in digging into a prospective tenant's background a bit deeper so if they have a bad credit record or references that are not so good, they might still deserve a chance to rent.

"Sometimes on face value, tenants don't look like to be the right people. But once you get to know them a bit and give them an opportunity because they're really desperate for it, they turn out to be good. It's sort of an art. You come across people that you know you can work with, help them, guide them, and make it work. If every application came across my desk and I nitpicked at it, nobody would get a property."

When Salehpour first set up her business five years ago, after a decade at another agency, investors would be buying their next property after they had rental income established on their previous deal. "They settled on one and had already found their next."

While established investors are still in the market and bought well before the peak and their yields are good, it's not that they have left the market, it's more a case of new investors not coming in.

"Property investment is still gold, but it's not as lucrative as it used to be. High interest rates, massive compliance costs and government intervention doesn't entice new investors. I think low deposits, easier borrowing power, the return of interest deductibility and low interest rates will be what brings investors back in the market, even the new ones, and existing investors, to be more active."

'Prices have returned to location, location, location'

RENTS UP

Rents are only going upwards. Salehpour says an example is the rent on a two-bedroom house she still has on her books after a decade; it's gone up 60 per cent in that time.

For an average three-bedroom home the weekly rent is about is about $660 and a two-bedroom is $593 in Mangere, Mangere Bridge, Mangere East, Manurewa, Papakura, Papatoetoe, Takanini – the major suburbs where investors have a heavy presence.

The level of rent comes down to price and presentation and how proactive the property manager is. "Good tenants aren't going to wait around. They shop around and compare prices and properties. Today's tenants are educated. Landlords need to be aware that the days of just demanding high rent have gone. It has to be market rent and they can't wait 24-48 hours to make a decision on the applicant, otherwise they will have moved on."

ABOVE Takanini's annual growth sits at 1.40 per cent.

Stand-alone family homes with a garage are the most popular with renters. Although a sizeable number of terraced houses have been built in South Auckland without garaging or lawn and nearly within reaching distance of a neighbour's property, they are years away from being accepted as desirable rentals, Salehpour says.

"An investor can have a dated three-bedroom house with carpets older than me and it gets rented overnight, but renters will go 'no we don't like this' to a brand new three-bedroom terrace house without parking and lawn.

"Maybe in the CBD tenants will go without a car park, but in South Auckland when developers are building three or four-bedroom houses expecting a family with at least two cars as renters, they are not meeting the market. Tenants will move from one place to another because of car parking space." ■

INVESTING IN SOUTH AUCKLAND

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