

# NZPIF Membership Survey

July 2014



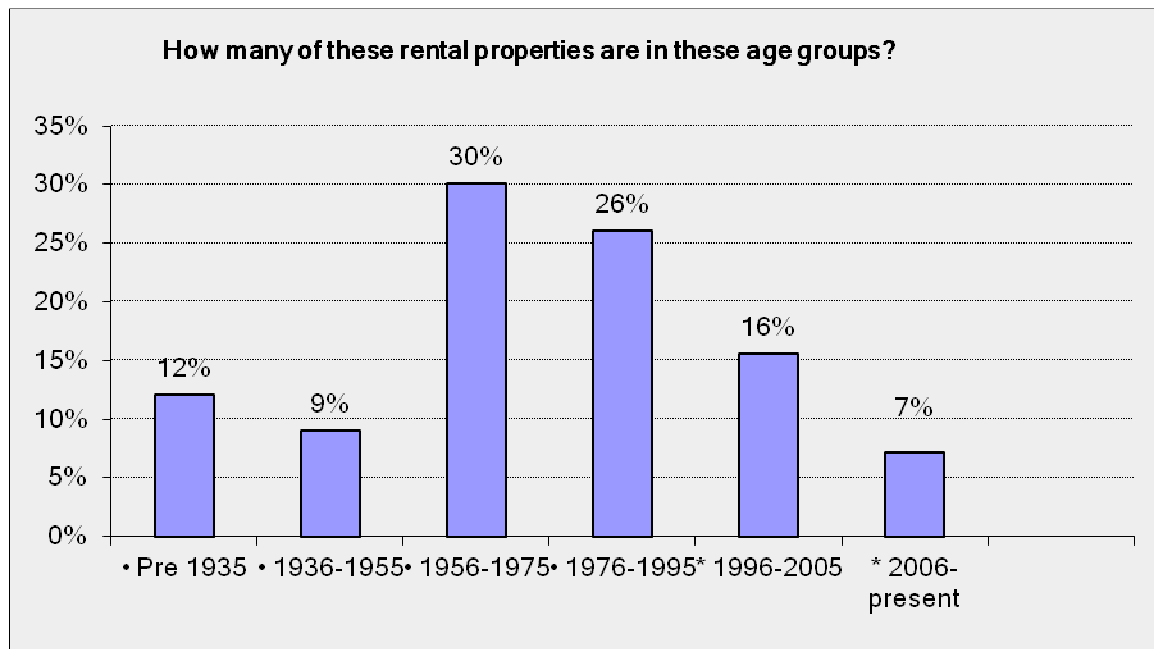
## Survey Results

Where are your rental properties located (please provide the number of properties you have in each of the following areas)

Answer Options	Response Average	Response Total	Response Count
Whangarei	3.16	60	19
North Shore	4.56	164	36
Waitakere	2.83	99	35
Auckland	4.13	421	102
Manukau	2.51	103	41
Hamilton	5.32	564	106
Coromandel	2.00	20	10
Tauranga	3.94	185	47
Rotorua	3.75	135	36
Taupo	1.00	13	13
Gisborne	1.75	21	12
Napier	3.06	104	34
Hastings	5.73	189	33
New Plymouth	4.67	112	24
Wanganui	1.00	16	16
Palmerston North	5.19	249	48
Masterton	2.79	39	14
Upper Hutt	1.90	19	10
Lower Hutt	2.05	39	19
Porirua	1.71	24	14
Wellington	4.50	243	54
Blenheim	2.40	60	25
Nelson	4.36	170	39
West Coast	1.89	34	18
Christchurch	4.68	777	166
Timaru	2.10	21	10
Oamaru	1.40	14	10
Dunedin	5.67	828	146
Queenstown	.88	15	17
Invercargill	2.94	94	32
Other	3.29	296	90

**How many of these rental properties are in these age groups?**

	Response Total	Average
• Pre 1935	642	12%
• 1936-1955	476	9%
• 1956-1975	1,592	30%
• 1976-1995	1,382	26%
* 1996-2005	824	16%
* 2006-present	378	7%
	5294	



**How many years have you owned rental properties?**

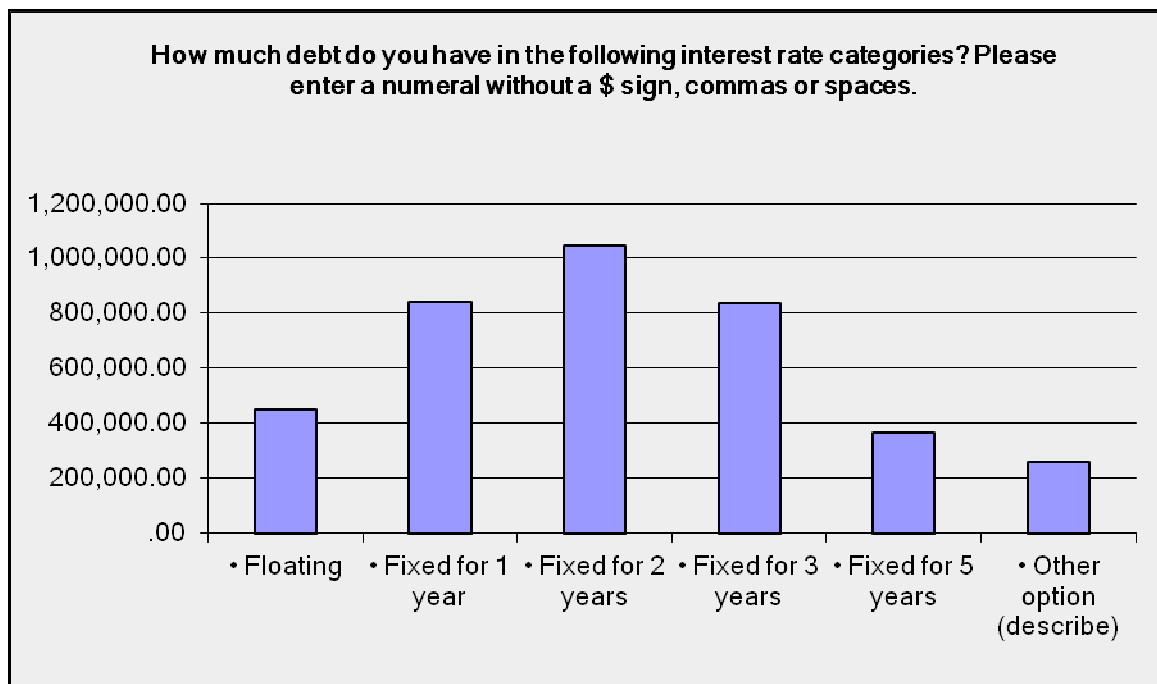
Average 17.8 years

# Property Portfolio

Total value of property owned by respondents \$1,590,000,000

Estimated value of property owned by all members of Property Investors' Associations throughout NZ, \$6,891,000,000.

	Average	Median
Value	\$ 2,208,642	\$ 1,400,000
Debt	\$ 1,090,099	\$ 620,000
Equity	\$ 1,118,542	\$ 780,000
Value per property	\$ 345,050	\$ 300,000



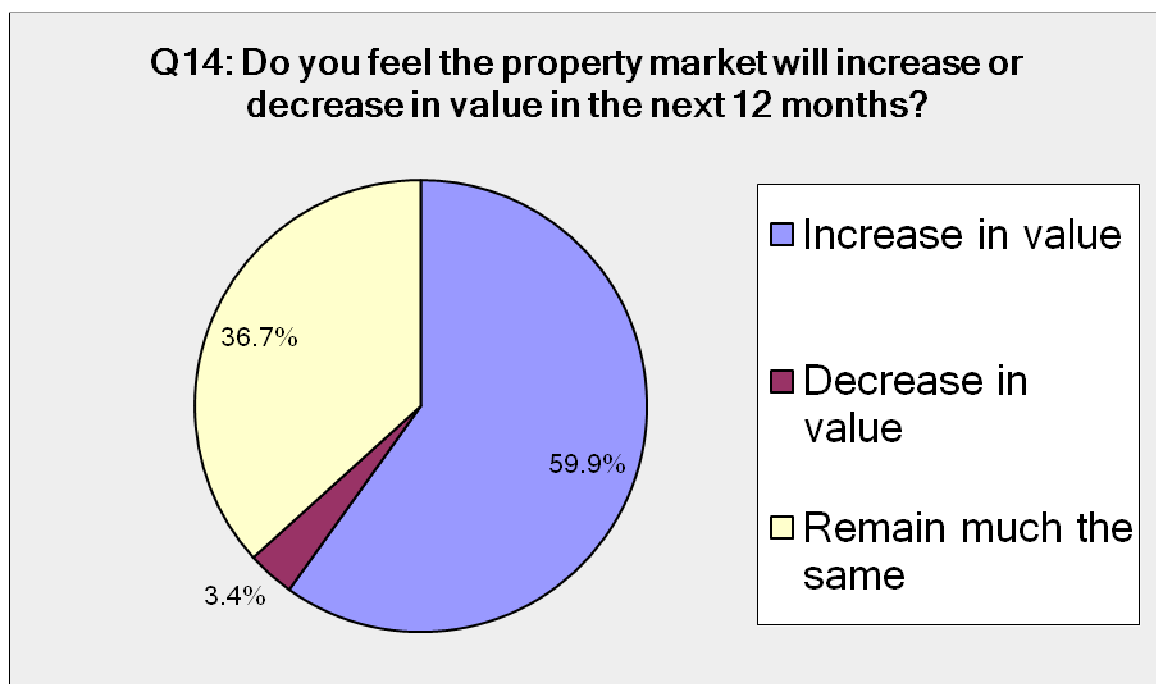
How many rental properties have you purchased in the last financial year?

224 respondents (31%) purchased a rental property in the last financial year. In total they purchased 428 rentals, an average of 2.9 properties.

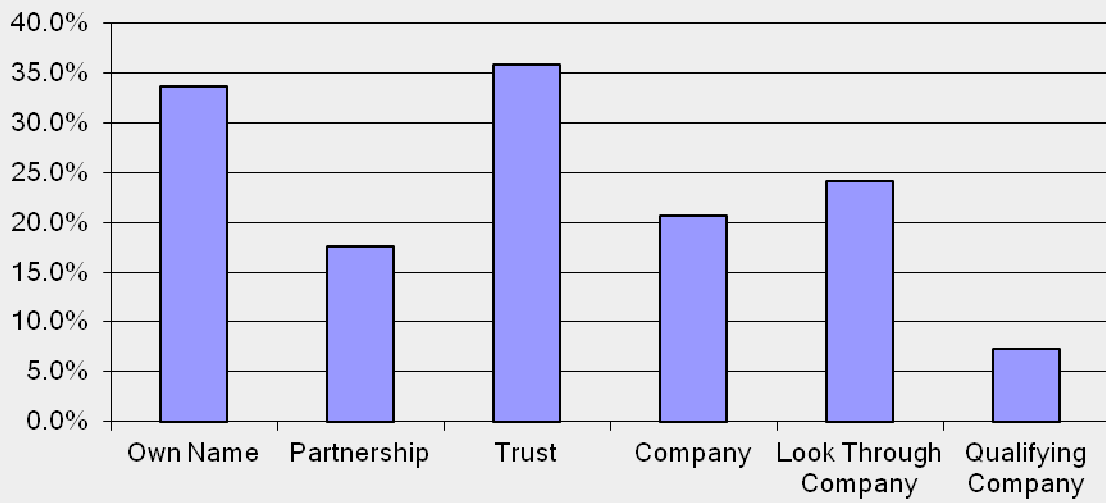
130 respondents (18%) changed their intention to purchase property since the beginning of 2014. Of the 130, 39 intended to purchase fewer properties than they had previously planned.

Of the 39 who had decided to purchase fewer properties, the highest five reasons were:

Increasing interest rates	28.6%
Political changes	11.9%
LVR restrictions	9.5%
Increasing costs	9.5%
Low rental yields	9.5%



## Q15: In what ownership structures do you hold your rental properties?



## Repairs and maintenance

Respondents spent a total of \$12,321,000 on repairs and maintenance. The average spend per property (\$3,078) was significantly higher than the median (\$1,683) due to large repairs such as replacing kitchens and bathrooms.

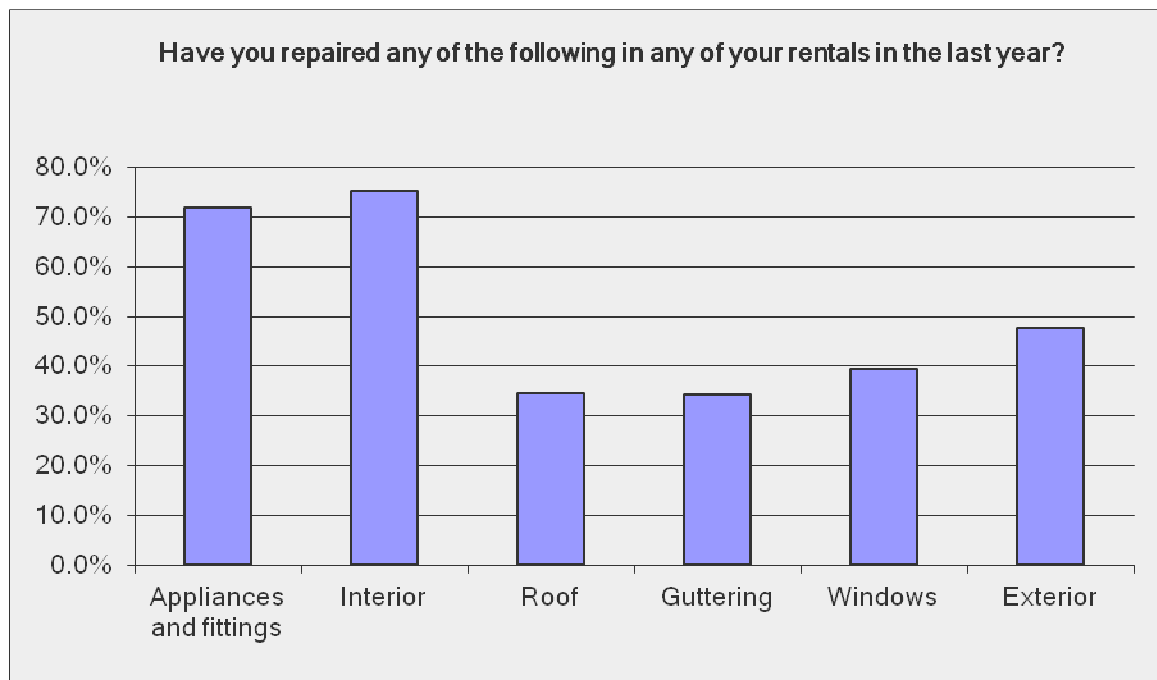
Using the NZ median rental price of \$370pw, the median spend on repairs and maintenance would amount to 8.7% of rental income per year.

Using these responses, it is estimated that PIA members around New Zealand spend \$53.4m a year on repairs and maintenance.

	Average	Median	% of median national rent
Spend per owner	\$ 18,119	\$ 9,000	
Spend per property	\$ 3,078	\$ 1,683	8.7%

Repairs and maintenance expenditure was spent evenly between the interior (46%) and exterior (48.7%) of the rental properties. The amounts are further broken down below:

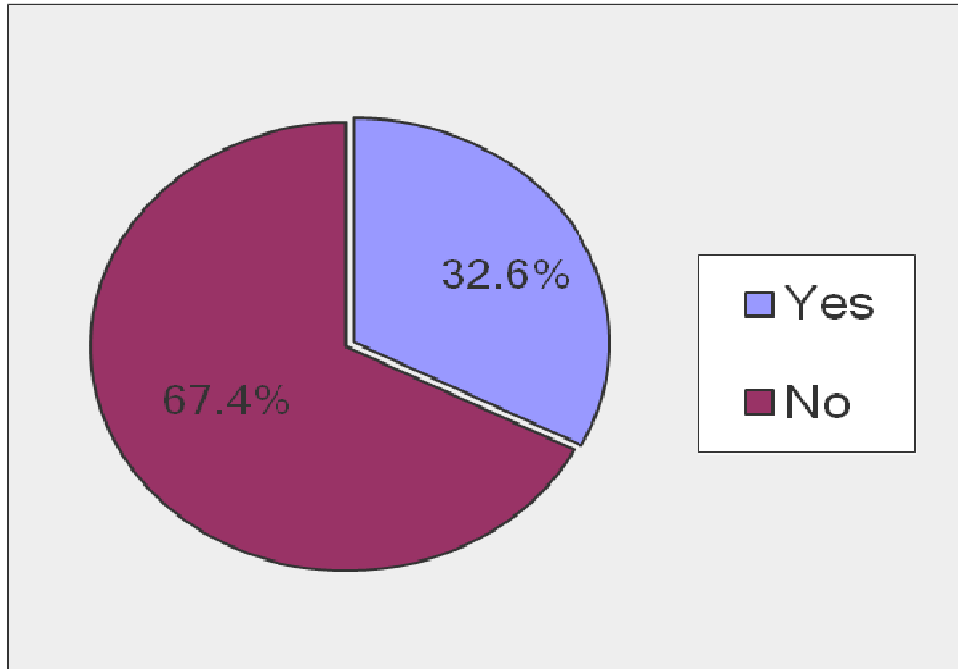
Appliances and fittings	22.4%
Interior	23.6%
Exterior	15.0%
Windows	12.4%
Roof	10.7%
Guttering	10.6%
Other	5.3%



# Heating

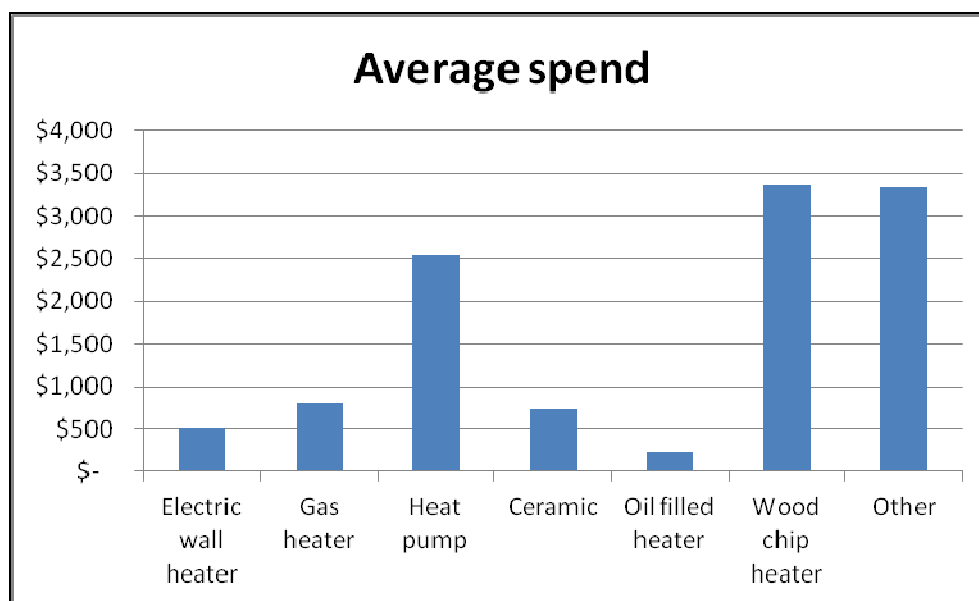
## Have you added a heating appliance to any of your rentals this year?

One third of respondents (232) purchased a total of 492 heaters for their rental properties in the last year. The majority of heaters (74.4%) were heatpumps, followed by electric wall heaters at 20.8%.



Types of heater		
	Count	Percent
Electric wall heater	86	17.5%
Gas heater	4	0.8%
Heat pump	327	66.5%
Ceramic	13	2.6%
Oil filled heater	7	1.4%
Wood chip heater	25	5.1%
Other	30	6.1%
	<b>492</b>	

Average spend	
Electric wall heater	\$ 507
Gas heater	\$ 800
Heat pump	\$ 2,546
Ceramic	\$ 733
Oil filled heater	\$ 227
Wood chip heater	\$ 3,360
Other	\$ 3,325



## Insulation

Of the 4,817 rental properties covered in the survey, 4,377 (90.9%) had some form of insulation.

615 respondents who owned 3,962 rental properties answered the question on insulation.

3,518 (88.8%) rentals were insulated. 440 (11.2%) had no insulation.

98.3% had ceiling insulation,

37.9% had underfloor insulation (27.7% had a concrete slab and can't have underfloor insulation)

38.6% had wall insulation.

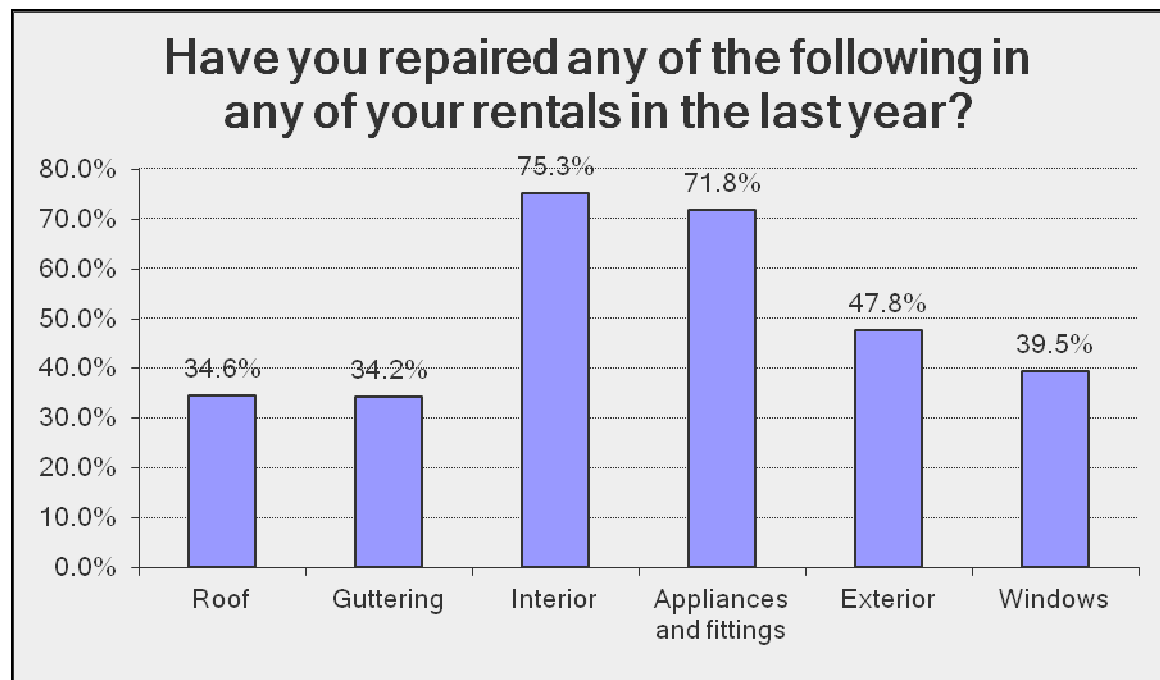


Respondents added insulation to an extra 405 (13%) rental properties in the last year. The cost was \$663,351 which was an average of \$1,527 per property.

The insulation added over the past year was funded by:

- 57% Owner funded
- 26% Government grant/Subsidy
- 15% Bank loan
- 1% Through council rates

Have you repaired any of the following in any of your rentals in the last year?		
Answer Options	Response Percent	Response Count
Roof	34.6%	242
Guttering	34.2%	239
Interior	75.3%	526
Appliances and fittings	71.8%	502
Exterior	47.8%	334
Windows	39.5%	276
Other (please specify)		116
<i>answered question</i>		699



# Spending

Approximately how much did you spend in the last financial year on the following goods and services? (please enter a number without a \$ sign, commas or spaces or text with no spaces)

Answer Options	Response Percent	Response Count
House Insurance	97.4%	571
Contents insurance	68.3%	400
Building materials/hardware purchases	78.0%	457
Flooring (Carpet and Vinyl)	70.3%	412
Mortgage payments	84.1%	493
Lawyers	70.5%	413
Accountants	84.8%	497
Property Managers	72.5%	425
Tradesmen	81.4%	477
<i>answered question</i>		<b>586</b>

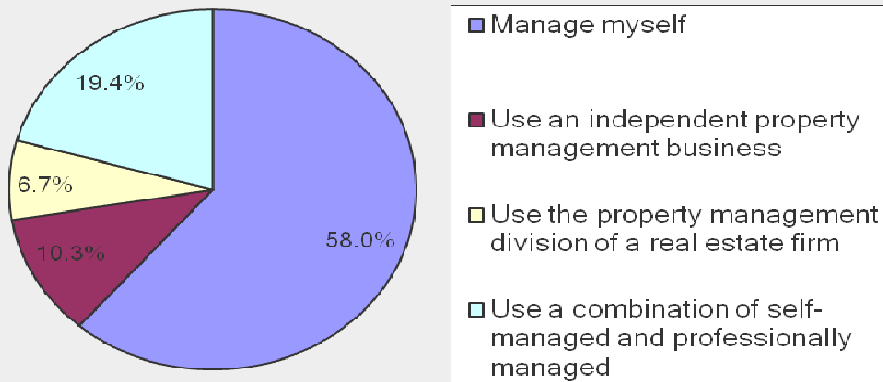
	Total spend	Spend per member	Spend per Property	Estimated total membership spend	Estimated total membership spend per property
House Insurance	\$ 5,201,383	\$ 9,631	\$ 1,455	\$ 29,856,689	\$ 1,307
Contents insurance	\$ 450,070	\$ 2,173	\$ 422	\$ 6,737,075	\$ 113
Building materials/hardware purchases	\$ 7,643,187	\$ 18,918	\$ 2,892	\$ 58,645,118	\$ 1,920
Flooring (Carpet and Vinyl)	\$ 1,140,481	\$ 4,673	\$ 823	\$ 14,486,610	\$ 286
Mortgage payments	\$ 30,759,936	\$ 72,546	\$ 12,512	\$ 224,892,662	\$ 7,727
Lawyers	\$ 652,634	\$ 2,824	\$ 514	\$ 8,755,206	\$ 164
Accountants	\$ 1,045,594	\$ 2,448	\$ 498	\$ 7,587,870	\$ 263
Property Managers	\$ 1,745,218	\$ 8,270	\$ 1,288	\$ 25,637,558	\$ 438
Tradesmen	\$ 3,803,371	\$ 8,865	\$ 1,800	\$ 27,480,477	\$ 955
	\$ 52,441,874	\$130,348	\$ 22,203	\$ 404,079,265	\$ 13,173

# Property Management

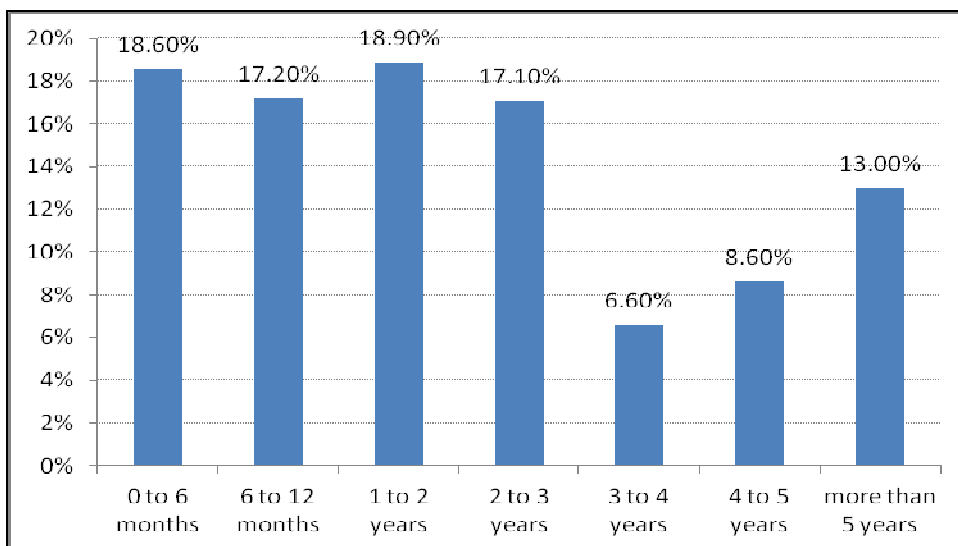
What management methods do you use to manage your rental properties?

Answer Options	Response Percent	Response Count
Manage myself	58.0%	370
Use an independent property management business	10.3%	66
Use the property management division of a real estate firm	6.7%	43
Use a combination of self-managed and professionally managed	19.4%	124
Other (please specify)		21
<i>answered question</i>		<b>638</b>

What management methods do you use to manage your rental properties?



How long have your tenants been in your properties?



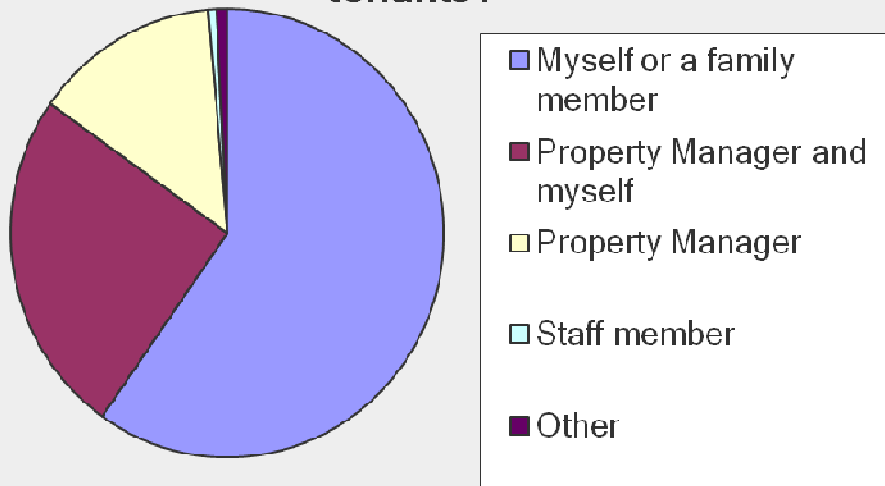
**What channels do you use to seek new tenants for your rentals?**

Answer Options	Response Percent	Response Count
I don't manage my properties	19.2%	121
Word of mouth	25.8%	163
Trade Me	59.3%	374
Other website	9.2%	58
Newspaper	19.3%	122
Free newspaper	6.5%	41
Casual letting service by property management service.	18.4%	116
Other (please specify)		72
<i>answered question</i>		<b>631</b>

**Who is usually involved in the selection of tenants?**

Answer Options	Response Percent	Response Count
Myself or a family member	59.8%	381
Property Manager and myself	25.0%	159
Property Manager	13.8%	88
Staff member	0.6%	4
Other	0.8%	5
<i>answered question</i>		<b>637</b>

**Who is usually involved in the selection of tenants?**



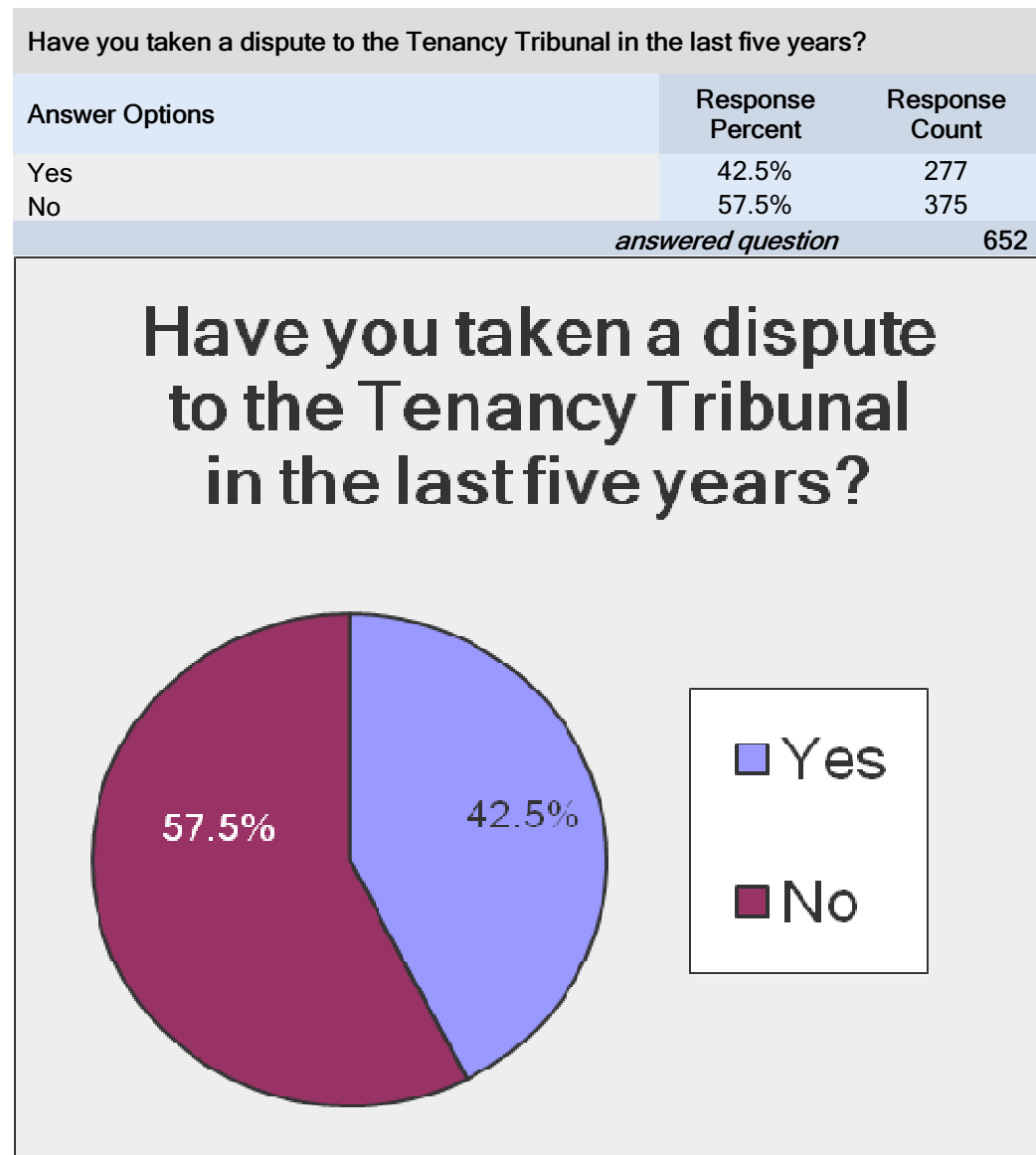
## Time tenants in properties

	0 to 6 mnth	6 to 1 mnt	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs	> 5 yrs
All responses	956 19.0%	988 19.6%	1140 22.6%	734 14.6%	251 5.0%	304 6.0%	671 13.3%
Manage myself	570 20.8%	467 17.0%	668 24.4%	402 14.7%	105 3.8%	152 5.5%	377 13.8%
Use a combination of self-managed and professionally managed	242 18.1%	318 23.8%	251 18.8%	192 14.4%	66 4.9%	84 6.3%	182 13.6%
Use an independent property management business	72 12.5%	122 21.2%	130 22.6%	96 16.7%	45 7.8%	40 6.9%	71 12.3%
Use the property management division of a real estate firm	72 18.4%	81 20.7%	91 23.2%	44 11.2%	35 8.9%	28 7.1%	41 10.5%

## Inspections

Who does the regular inspections of your rental properties?		
Answer Options	Response Percent	Response Count
• I do my own property inspections	76.5%	489
• My staff do the property inspections	1.9%	12
• My property manager	34.1%	218
Other (please specify)		13
<i>answered question</i>		<b>639</b>

## Tenancy Tribunal

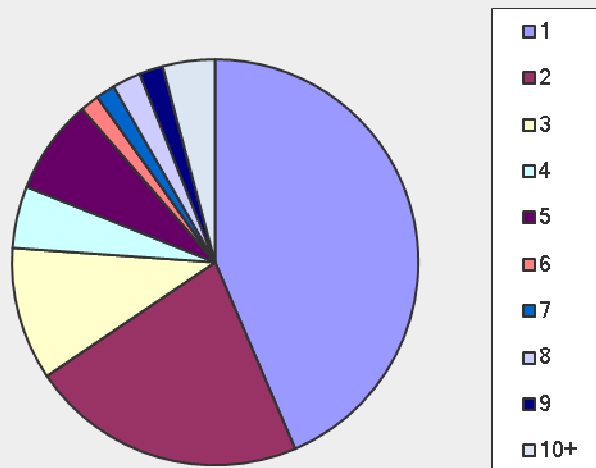


(This compares to 21.9% of respondents going to mediation over the last five years)

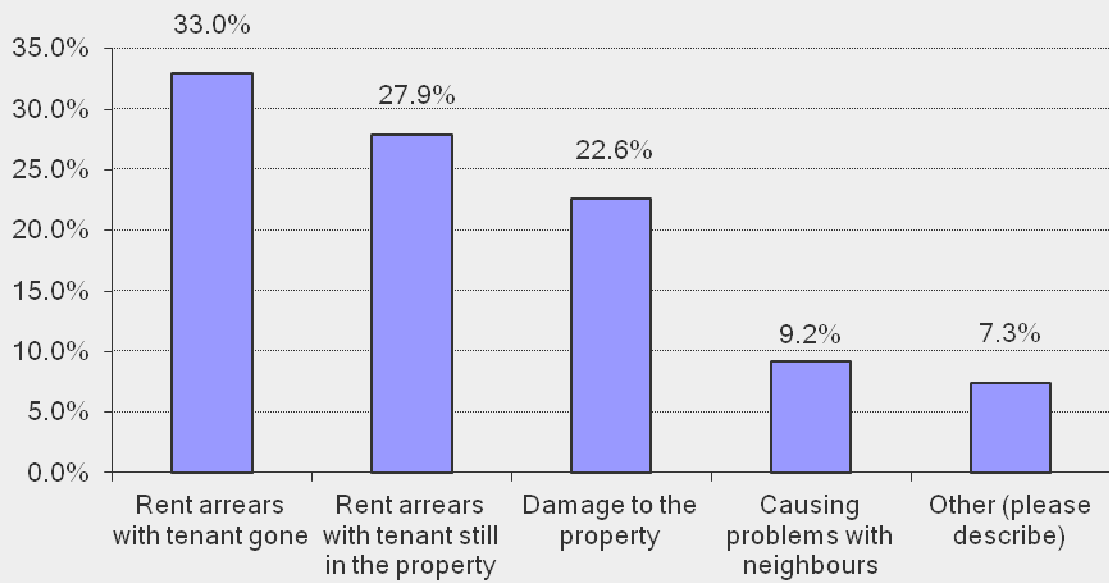
**How many times in the last five years have you taken a dispute to the Tenancy Tribunal?**

Answer Options	Response Percent	Response Count
1	43.6%	115
2	22.0%	58
3	10.6%	28
4	4.9%	13
5	7.6%	20
6	1.5%	4
7	1.5%	4
8	2.3%	6
9	1.9%	5
10+	4.2%	11
<i>answered question</i>		<b>264</b>

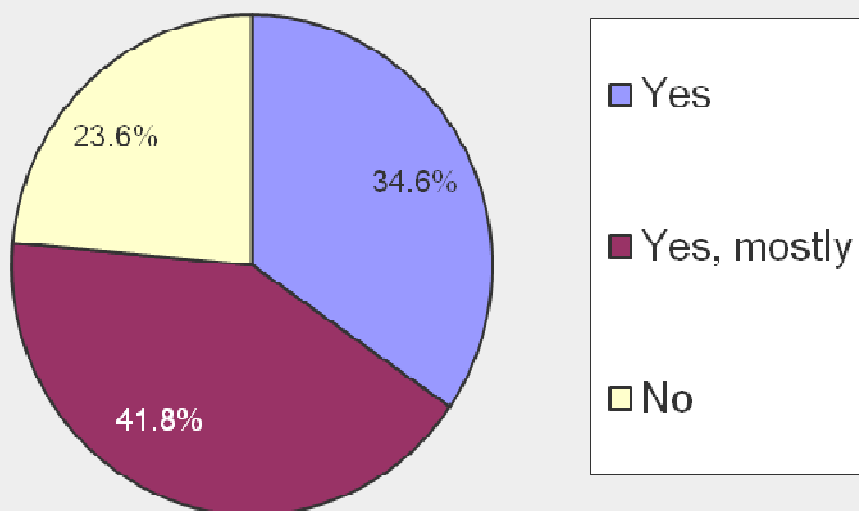
**How many times in the last five years have you taken a dispute to the Tenancy Tribunal?**



## Reasons to attend the Tribunal



## Were all disputes resolved satisfactorily?





In the last 12 months how many weeks did it take to achieve a tribunal hearing? (Please just enter a number)	
Answer Options	Response Count
	172
<i>answered question</i> 172	

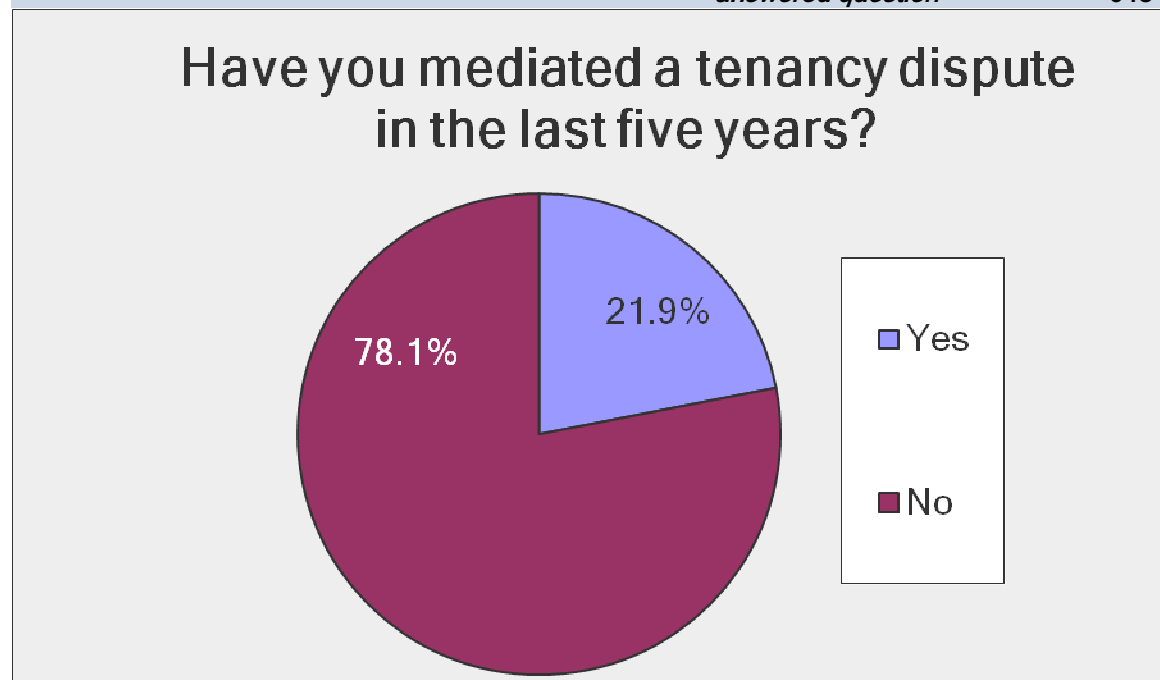
Of the 172 respondents who had applied to the Tenancy Tribunal, the average time it took to get a hearing was 4.5 weeks.

66% of cases were heard within four weeks, 34% of cases were heard after more than four weeks.

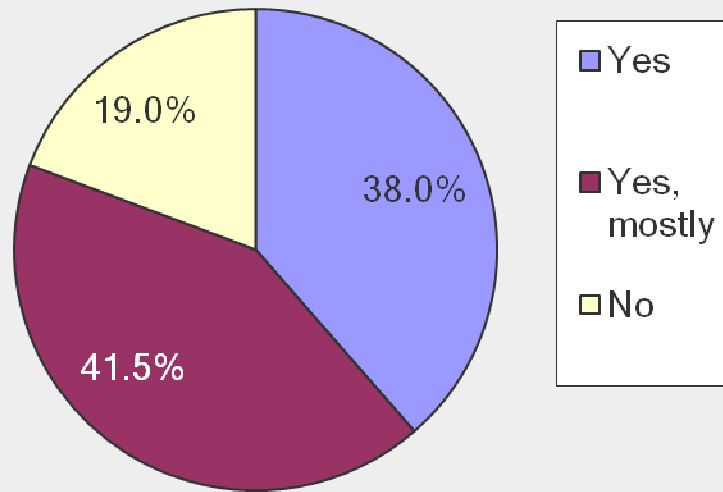
5.3% of cases took longer than 10 weeks to get a hearing. Two cases took 16 weeks to get to the Tribunal. One of these cases was in Dunedin for damage, the other was in Rotorua or Dunedin for rent arrears vacated and damage.

## Mediation

Have you mediated a tenancy dispute in the last five years?		
Answer Options	Response Percent	Response Count
Yes	21.9%	142
No	78.1%	506
<i>answered question</i>		648



## Were all disputes resolved satisfactorily?



If you have attended mediation in the last 12 months, How many weeks did it take from applying to attending? (Please just enter a number)

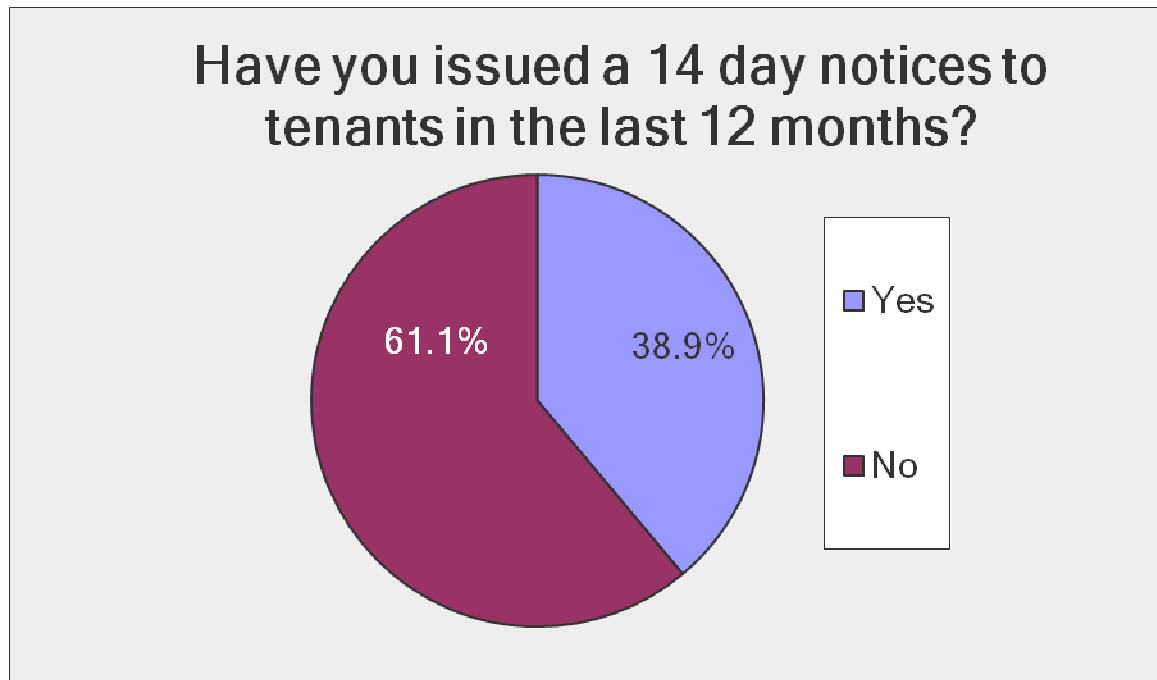
Answer Options	Response Count
	142
<i>answered question</i>	142

Of the 142 respondents who had attended mediation, the average time it took to get a hearing was 3.7 weeks. (This compares to 4.5 weeks to obtain a Tribunal hearing).

81% of cases were heard within four weeks, 19% of cases were heard after more than four weeks. (compared with 66% of Tribunal cases heard in 4 weeks or less)

3.9% of cases took longer than 10 weeks to get a mediation (compared to 5.3% for the Tribunal). The longest timeframe was from Christchurch which took 16 weeks to a mediation.

## 14 Day Notices



233 respondents (38.9%) had issued a combined 748 fourteen day notice over the past year. Most (49%) only gave one notice.

Of the 748 notices served on tenants, 481 (64%) were successful in sorting out the problem.

Of respondents who gave a 14 day notice, they issued .54 notices per property owned.

Of respondents who only had one property, the highest number of 14 day notices issued for that property was 6. In this case all 6 of these notices were successful.

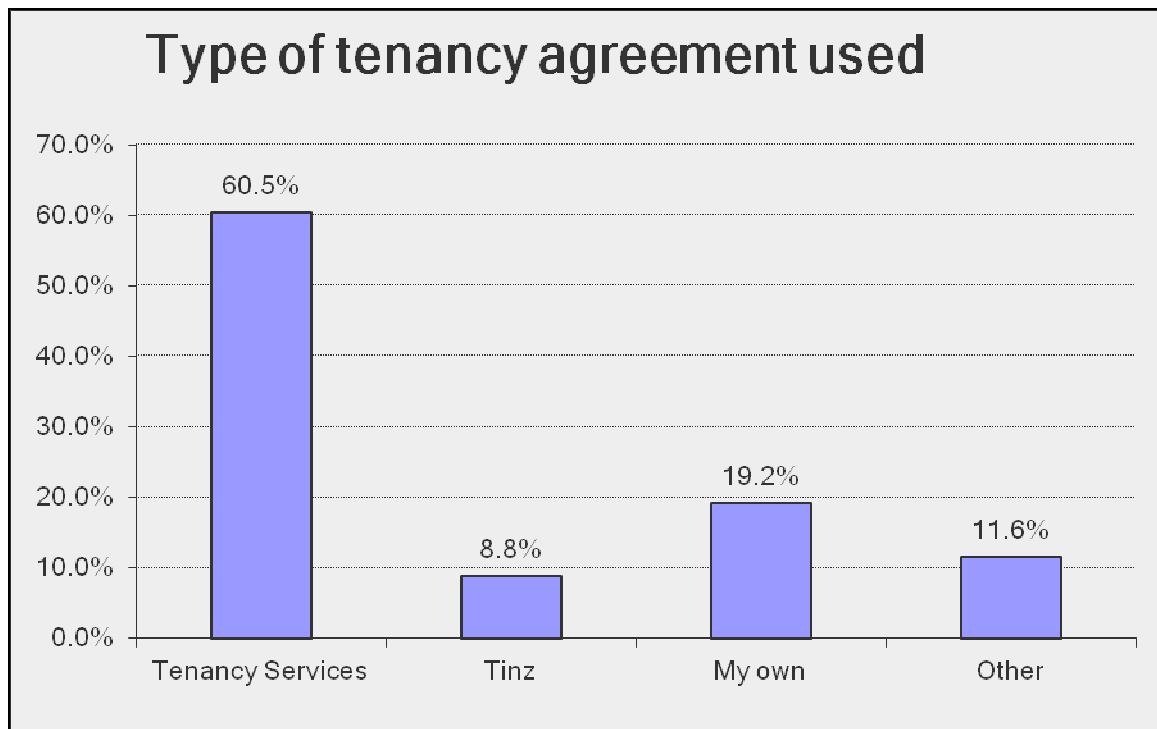
Number of notices per response	1	2	3	4	5	6	7	8	9	10+
Count	83	44	39	19	11	8	6	3	0	15
Percentage	49.1%	26.0%	23.1%	11.2%	6.5%	4.7%	3.6%	1.8%	0.0%	8.9%

## 90 Day Notice

Eighty respondents (12.4% of 646 respondents who answered the question) issued a total of 110 Ninety day notice over the past year.

Of the 80 who issued a 90 day notice, the average number issued was 1.6.

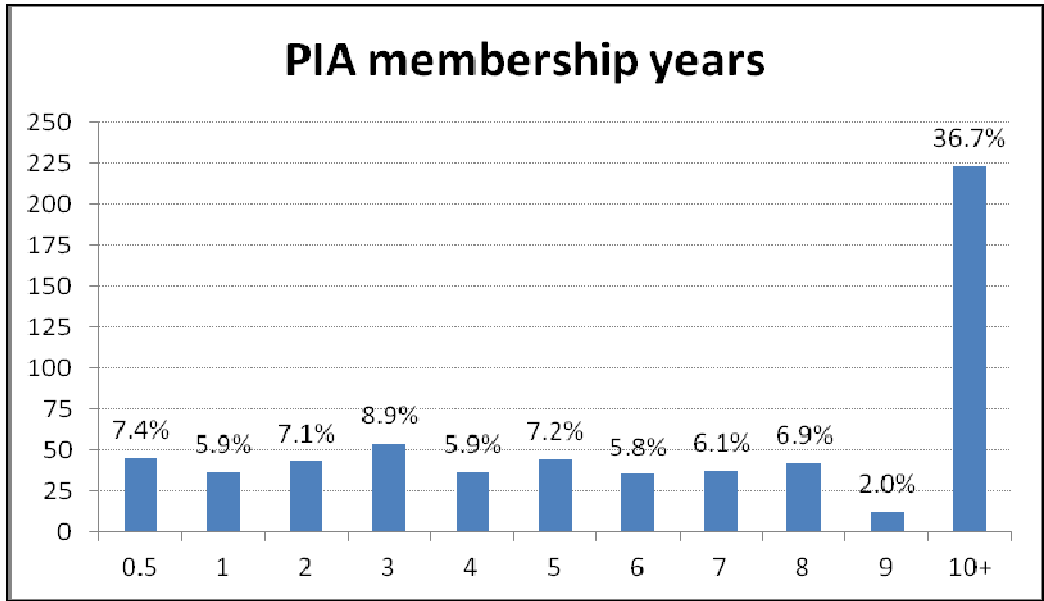
## Tenancy Agreement



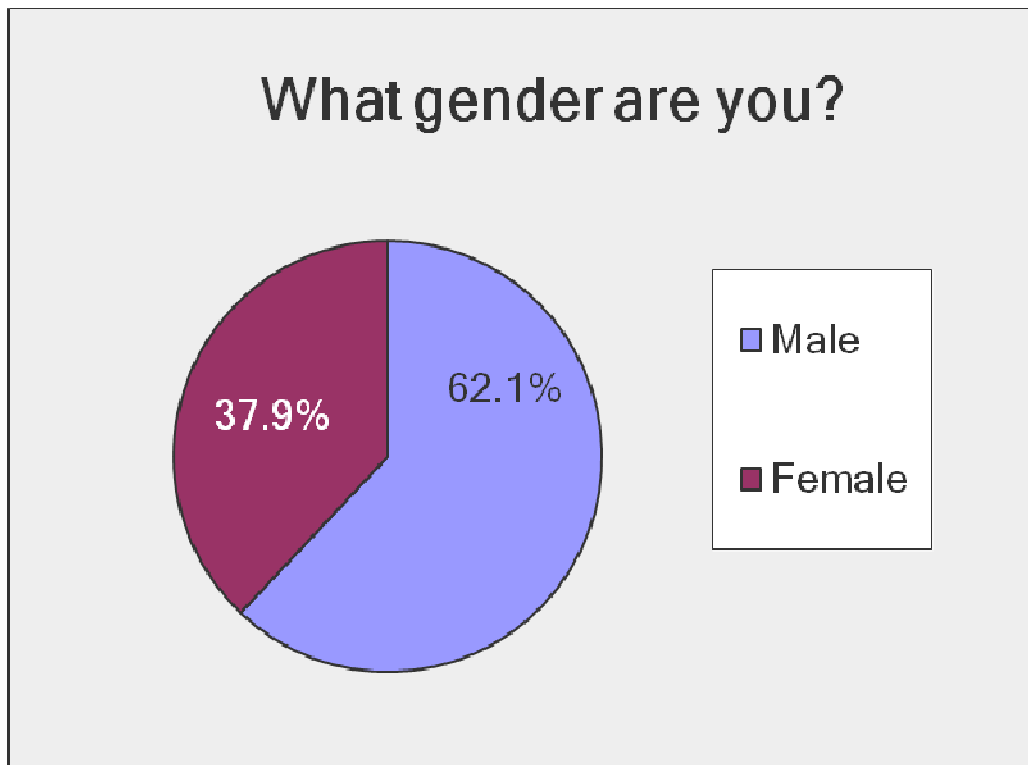
## Respondent Information

How many years have you been a member of a property investors' association?

Answer Options	Response Percent	Response Count
< 1	7.4%	45
1	5.9%	36
2	7.1%	43
3	8.9%	54
4	5.9%	36
5	7.2%	44
6	5.8%	35
7	6.1%	37
8	6.9%	42
9	2.0%	12
10+	36.7%	223
<i>answered question</i>		<b>607</b>



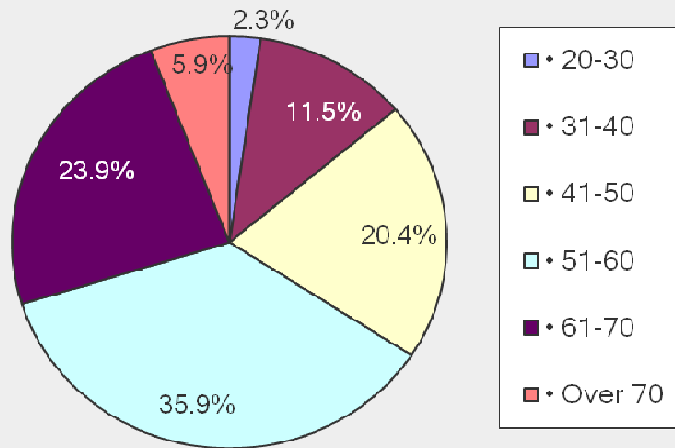
Respondents had been members of a PIA for a wide range of years. It is pleasing to see how many have been members for more than 10 years.



### Into which age bracket do you fit?

Answer Options	Response Percent	Response Count
• 20-30	2.3%	15
• 31-40	11.5%	74
• 41-50	20.4%	131
• 51-60	35.9%	230
• 61-70	23.9%	153
• Over 70	5.9%	38
<i>answered question</i>		<b>641</b>

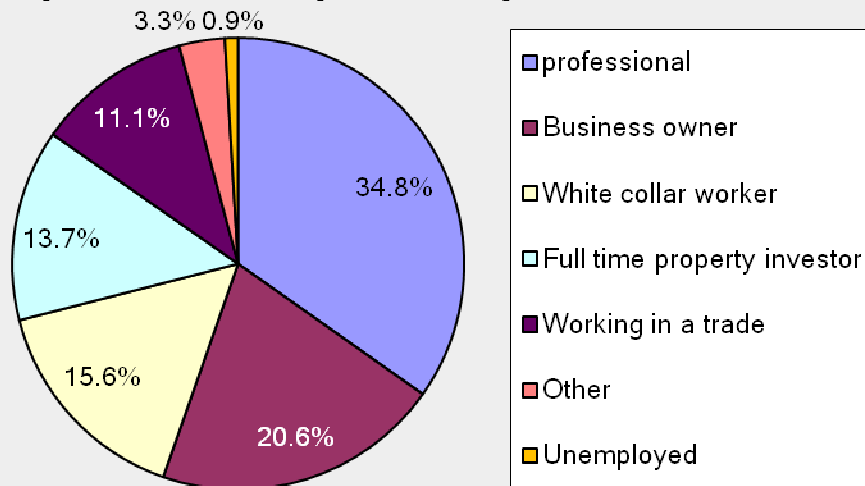
### Into which age bracket do you fit?



What is the best/closest description of your primary employment status? (If retired, enter your previous employment status)

Answer Options	Response Percent	Response Count
professional	34.8%	223
Business owner	20.6%	132
White collar worker	15.6%	100
Full time property investor	13.7%	88
Working in a trade	11.1%	71
Other (See list below)	3.3%	20
Unemployed	0.9%	6
<i>answered question</i>		<b>640</b>

## What is the best/closest description of your primary employment status?



### Other

acc - serious injury

Casual Part-time / Homemaker

Farmer

farmer

Full time Mother

full time mum

health provider

Housewife

Logistics

Military

Retired

Retired

Retired

Retired

Retired

Retired

Retired

Retired

Semi-retired

Stay at home mummy