

# REINZ CAPITAL GAINS AND RENTAL YIELD REPORT

Q3 2020



# WEST COAST TAKES OUT TOP SPOT AS HIGHEST PERFORMING REGION FOR RESIDENTIAL INVESTORS

**The West Coast has taken out the top spot as the highest performing region for residential investors with the highest yield and second highest capital gains.**

Yields in the West Coast increased 6.3% year-on-year; the only region in the country to see a yield over the 5% mark. Additionally, capital gains in the West Coast increased 27.0% for the three months ending September 2020 when compared to the same time last year with median prices going from \$196,000 to \$249,000 making it the standout region for residential property investors in New Zealand.

In second place in terms of providing strong returns for investors was Taranaki – the first time the region has made the top 3 list in 4 quarters. Taranaki saw the third highest capital gains in the country (up 18.8% from \$383,000 to \$455,000) and the fourth highest yield at 4.3%.

Following closely behind was Gisborne, with the highest capital gains for the country (up 27.6% from \$384,000 to \$490,000) and the seventh highest yield at 4.0%.

At the other end of the scale, the Capital Gains and Rental Yields Report found that Tasman had the second to lowest capital gains (up 9.6% from \$615,000 to \$674,000) and the second to lowest annual yield of all regions (3.5%), making it the worst performing region for residential property investors.

Bindi Norwell, Chief Executive at REINZ says: “Once again, some of the smaller regions in the country continue to provide the best returns for investors highlighting the importance of doing your due diligence before purchasing an investment property.

All data provided is for the three months ending September 2020 or the three months ending September 2019, so where an annual movement is referenced, this means the percentage change from the three months ending September 2020 compared to the three months ending September 2019.

Capital gains is calculated by looking at the percentage movement in the median price for the three-month period referenced.

Yield is calculated by looking at the annualised median rent as a percentage of median price.

“Many investors want to purchase investment properties in their home town to make it easier to manage and undertake maintenance, for example, but sometimes the best returns can be found a little further afield.”

## Regional breakdown of capital gains

The regions with the biggest increase in capital gains for the 3 months ending September 2020 compared to the 3 months ending September 2019 were:

1. Gisborne with a 27.6% increase from \$384,000 to \$490,000
2. West Coast with a 27.0% increase from \$196,000 to \$249,000
3. Taranaki with an 18.8% increase from \$383,000 to \$455,000
4. Hawke’s Bay with an 18.2% increase from \$489,000 to \$578,000
5. Manawatu/Wanganui with a 17.1% increase from \$385,000 to \$451,000.

The lowest capital gains in the country were in Tasman and Nelson with gains of 9.6% and 9.4% respectively. “With the removal of the LVRs, some of the lowest rates of interest we’ve seen in years and the fact that people have been unable to travel abroad has meant we’ve seen some significant increases in capital gains over the past few months as investors, first time buyers and families all look to take advantage of the current market conditions,” says Norwell.

“Any investors that have sold their investment property in the last few months will no doubt have been pleased with the result – especially as all but two regions (Tasman and Nelson) have seen double-digit increases in capital gains,” points out Norwell.



## Yields

The regions returning the biggest yields to investors for the 3 months ending September 2020 compared to the 3 months ending September 2019 were:

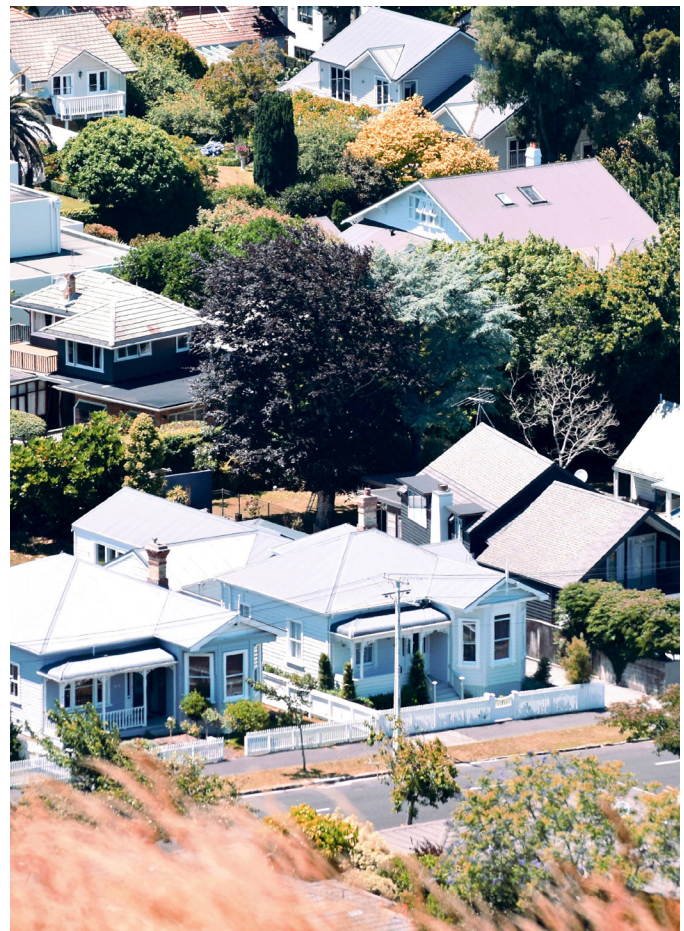
1. West Coast with a yield of 6.3%, down from 7.2%
2. Southland with a yield of 4.8%, the same yield as in Q3 2019
3. Marlborough with a yield of 4.4%, down from 4.7%
4. Taranaki with a yield of 4.3%, down from 4.8%
5. Manawatu/Wanganui with a yield of 4.2%, down from 4.6%.

“Q3 was a difficult quarter for some investors who were relying on strong yields from their investment portfolio, with not a single region experiencing an uplift in yield when compared to the same time last year. This is a great example of why experienced investors will have a mix of properties in their investment portfolio to cover off all eventualities,” points out Norwell.

“However, as the COVID-19 emergency rental increase freeze came to an end mid-way through Q3, it will be interesting to see whether our Q4 report will show an uplift in yields – particularly as investors have been so active in the market over the last couple of months,” concludes Norwell.

## OVERALL RANKINGS

Region	CG Rank	Yield Rank	Overall Rank
West Coast	2	1	1
Taranaki	3	4	2
Gisborne	1	7	3
Manawatu-Wanganui	5	5	4
Hawke's Bay	4	8	5
Southland	11	2	6
Marlborough	12	3	7=
Northland	6	9	7=
Otago	8	9	9
Bay of Plenty	9	11	10=
Canterbury	14	6	10=
Waikato	7	14	12
Wellington	13	12	13
Auckland	10	16	14
Nelson	16	13	15
Tasman	15	15	16

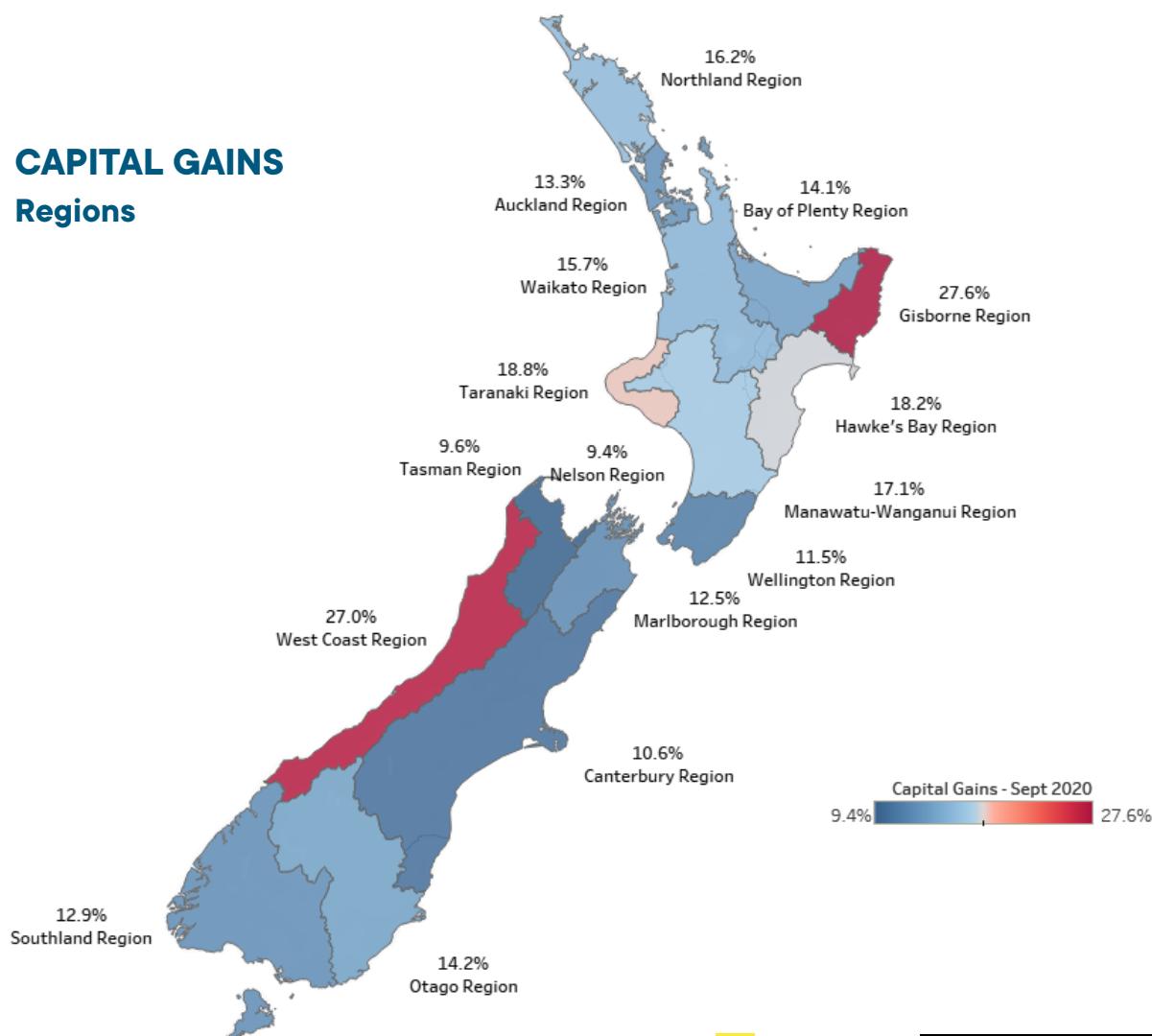


**Bindi Norwell**  
Chief Executive  
REINZ

# CAPITAL GAINS - REGIONS

Location	Median Sales Price 3ME Sept 2018	Median Sales Price 3ME Sept 2019	Median Sales Price 3ME Sept 2020	Capital Gains Sept 2019	Capital Gains Sept 2020
Auckland Region	846,000	830,000	940,000	-1.9%	13.3%
Bay of Plenty Region	560,000	594,000	678,000	6.1%	14.1%
Canterbury Region	435,000	445,000	492,000	2.3%	10.6%
Gisborne Region	320,000	384,000	490,000	20.0%	27.6%
Hawke's Bay Region	440,000	489,000	578,000	11.1%	18.2%
Manawatu-Wanganui Region	310,000	385,000	451,000	24.2%	17.1%
Marlborough Region	435,500	440,000	495,000	1.0%	12.5%
Nelson Region	569,000	560,000	612,500	-1.6%	9.4%
Northland Region	481,000	490,500	570,000	2.0%	16.2%
Otago Region	425,000	499,000	570,000	17.4%	14.2%
Southland Region	250,000	310,000	350,000	24.0%	12.9%
Taranaki Region	350,000	383,000	455,000	9.4%	18.8%
Tasman Region	600,000	615,000	674,000	2.5%	9.6%
Waikato Region	520,000	540,000	625,000	3.8%	15.7%
Wellington Region	577,000	641,500	715,000	11.2%	11.5%
West Coast Region	225,000	196,000	249,000	-12.9%	27.0%

## CAPITAL GAINS Regions

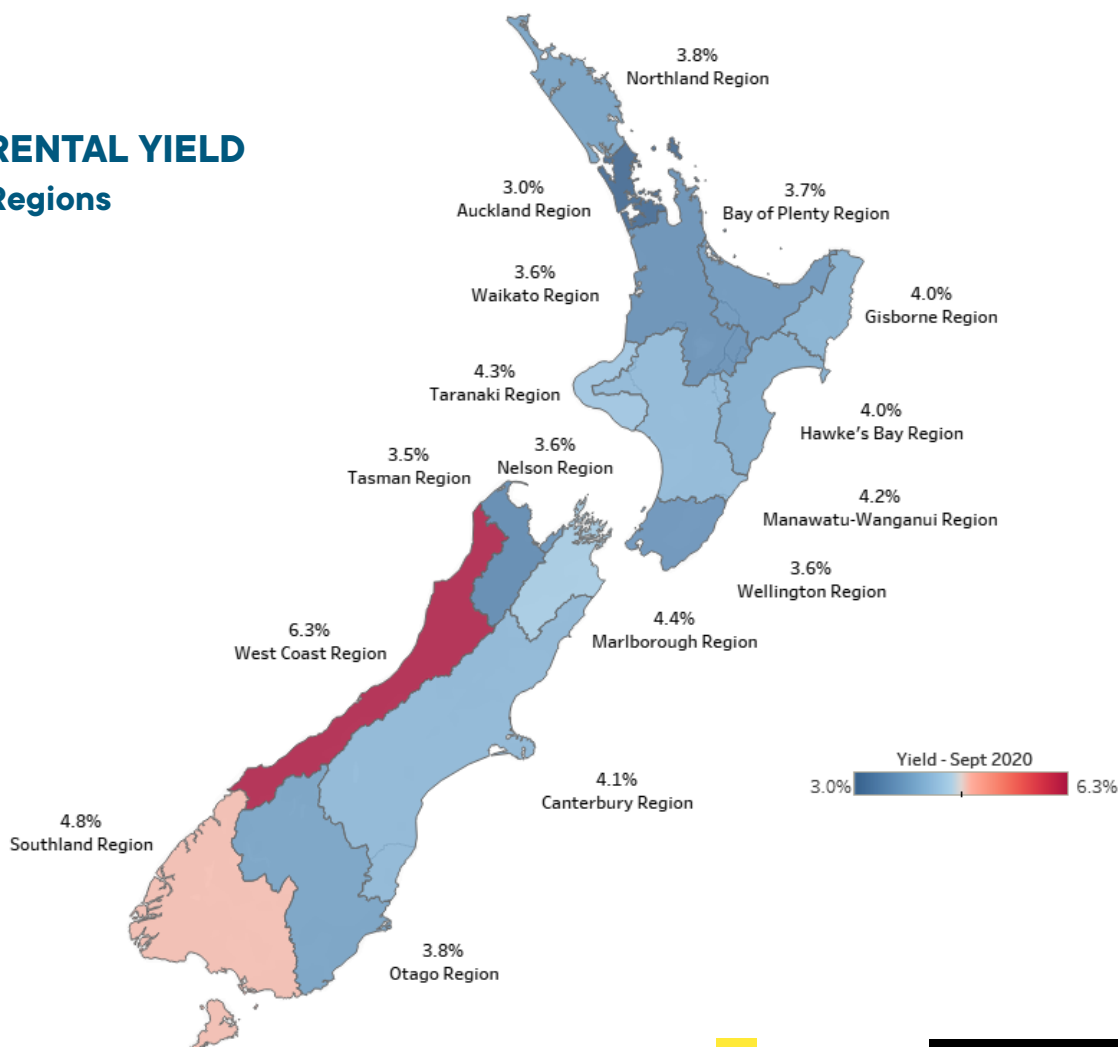


# RENTAL YIELD - REGIONS



Location	Median Rental Price 3ME Sept 2019	Median Rental Price 3ME Sept 2020	Median Sales Price 3ME Sept 2019	Median Sales Price 3ME Sept 2020	Yield Sept 2019	Yield Sept 2020
Auckland Region	540	550	830,000	940,000	3.4%	3.0%
Bay of Plenty Region	450	480	594,000	678,000	3.9%	3.7%
Canterbury Region	380	390	445,000	492,000	4.4%	4.1%
Gisborne Region	325	380	384,000	490,000	4.4%	4.0%
Hawke's Bay Region	395	440	489,000	578,000	4.2%	4.0%
Manawatu-Wanganui Region	340	360	385,000	451,000	4.6%	4.2%
Marlborough Region	400	420	440,000	495,000	4.7%	4.4%
Nelson Region	410	425	560,000	612,500	3.8%	3.6%
Northland Region	390	420	490,500	570,000	4.1%	3.8%
Otago Region	400	420	499,000	570,000	4.2%	3.8%
Southland Region	288	320	310,000	350,000	4.8%	4.8%
Taranaki Region	350	380	383,000	455,000	4.8%	4.3%
Tasman Region	420	450	615,000	674,000	3.6%	3.5%
Waikato Region	400	430	540,000	625,000	3.9%	3.6%
Wellington Region	483	500	641,500	715,000	3.9%	3.6%
West Coast Region	270	300	196,000	249,000	7.2%	6.3%

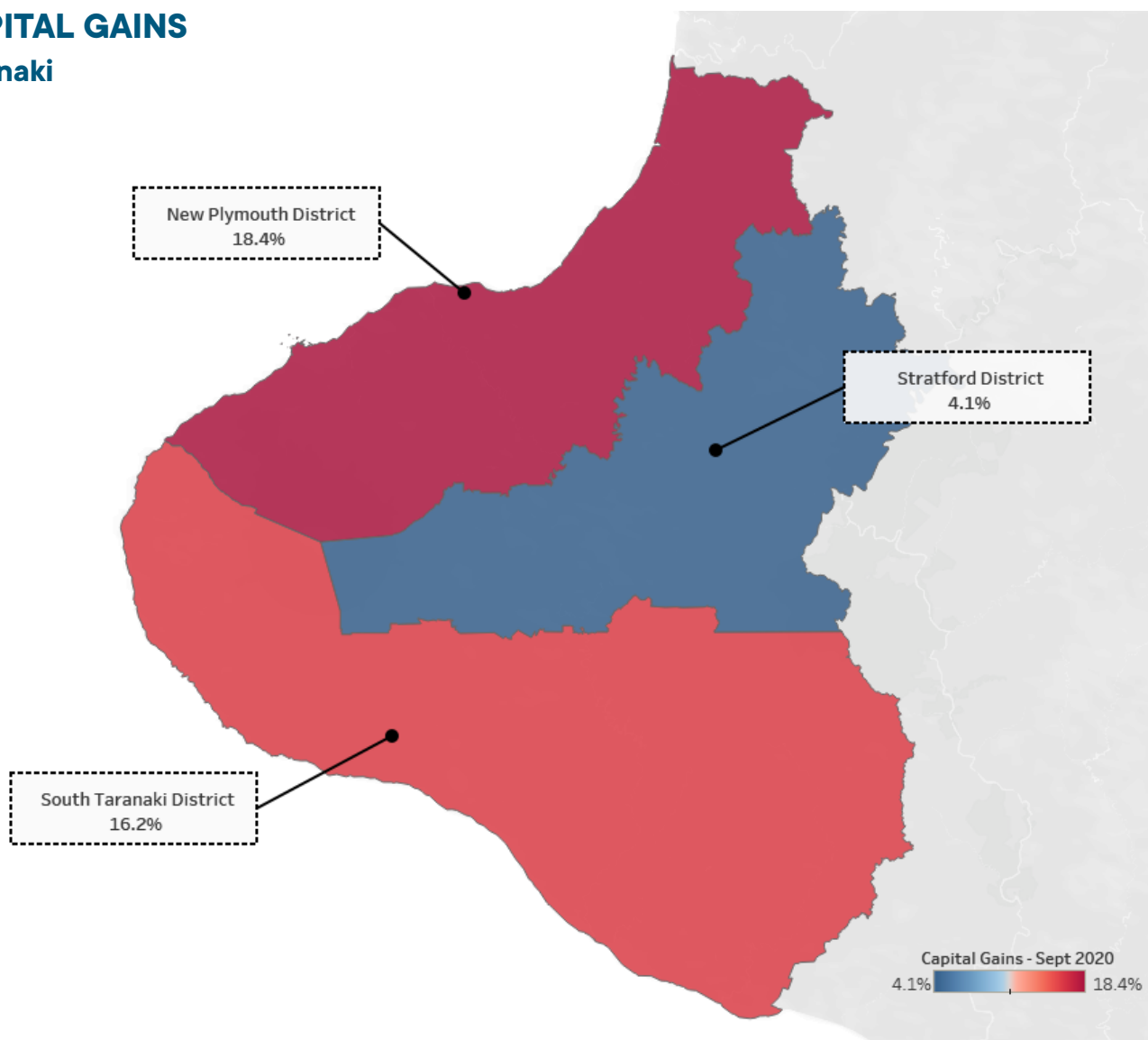
## RENTAL YIELD Regions



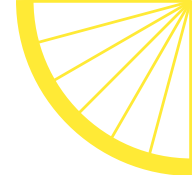
# CAPITAL GAINS - TARANAKI

Location	Median Sales Price 3ME Sept 2018	Median Sales Price 3ME Sept 2019	Median Sales Price 3ME Sept 2020	Capital Gains Sept 2019	Capital Gains Sept 2020
New Plymouth District	430,000	437,500	518,000	1.7%	18.4%
South Taranaki District	215,000	265,000	308,000	23.3%	16.2%
Stratford District	272,000	307,000	319,500	12.9%	4.1%

## CAPITAL GAINS Taranaki

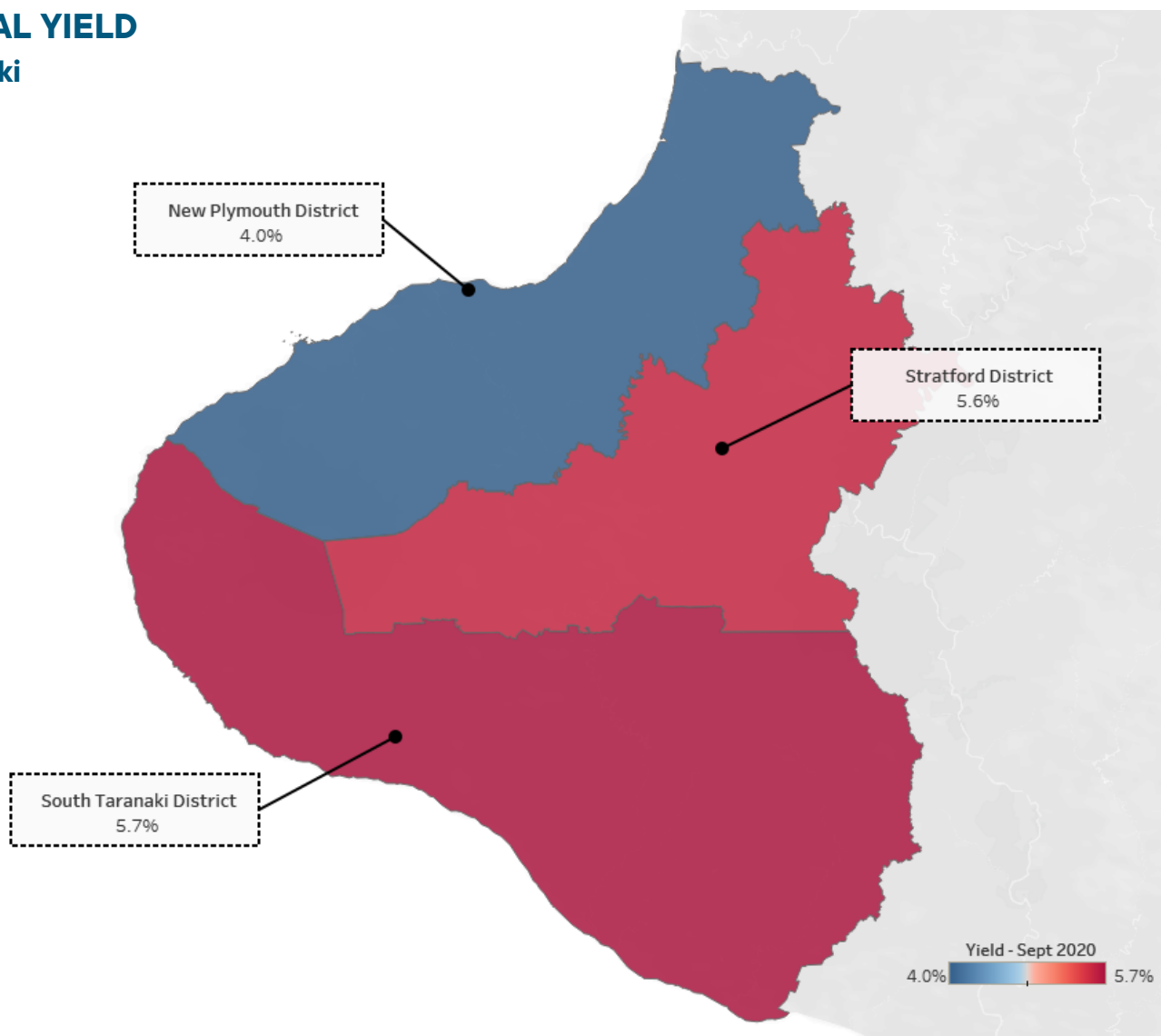


# RENTAL YIELD - TARANAKI



Location	Median Rental Price 3ME Sept 2019	Median Rental Price 3ME Sept 2020	Median Sales Price 3ME Sept 2019	Median Sales Price 3ME Sept 2020	Yield Sept 2019	Yield Sept 2020
New Plymouth District	380	400	437,500	518,000	4.5%	4.0%
South Taranaki District	300	340	265,000	308,000	5.9%	5.7%
Stratford District	300	345	307,000	319,500	5.1%	5.6%

## RENTAL YIELD Taranaki

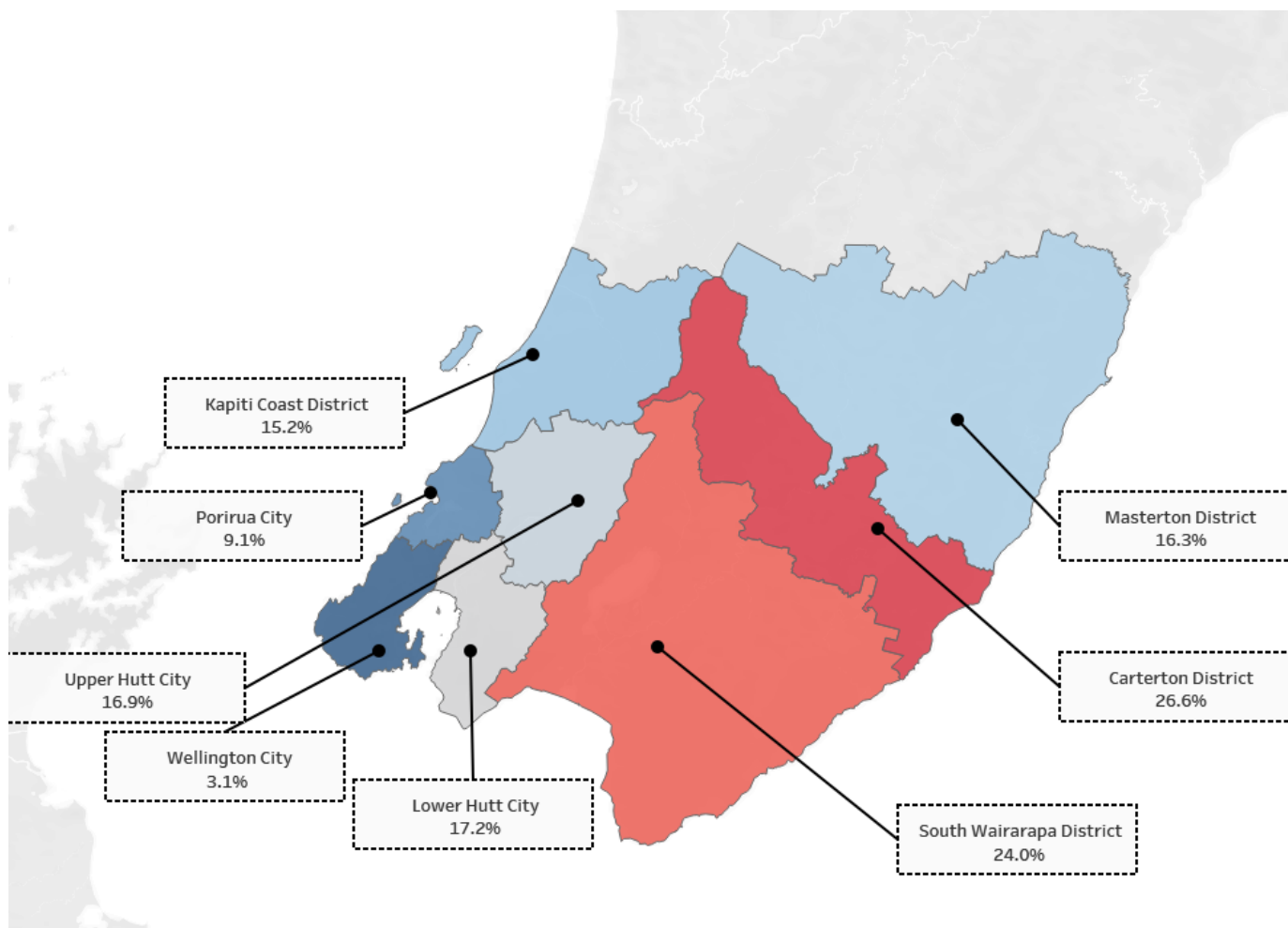




# CAPITAL GAINS - WELLINGTON

Location	Median Sales Price 3ME Sept 2018	Median Sales Price 3ME Sept 2019	Median Sales Price 3ME Sept 2020	Capital Gains Sept 2019	Capital Gains Sept 2020
Kapiti Coast District	540,000	610,000	702,500	13.0%	15.2%
Porirua City	621,000	700,000	763,500	12.7%	9.1%
Upper Hutt City	506,000	573,000	670,000	13.2%	16.9%
Lower Hutt City	530,000	580,000	680,000	9.4%	17.2%
Wellington City	703,247	800,000	825,080	13.8%	3.1%
Masterton District	351,000	400,000	465,000	14.0%	16.3%
Carterton District	395,000	395,000	500,000	0.0%	26.6%
South Wairarapa District	475,000	500,000	620,000	5.3%	24.0%

## CAPITAL GAINS Wellington

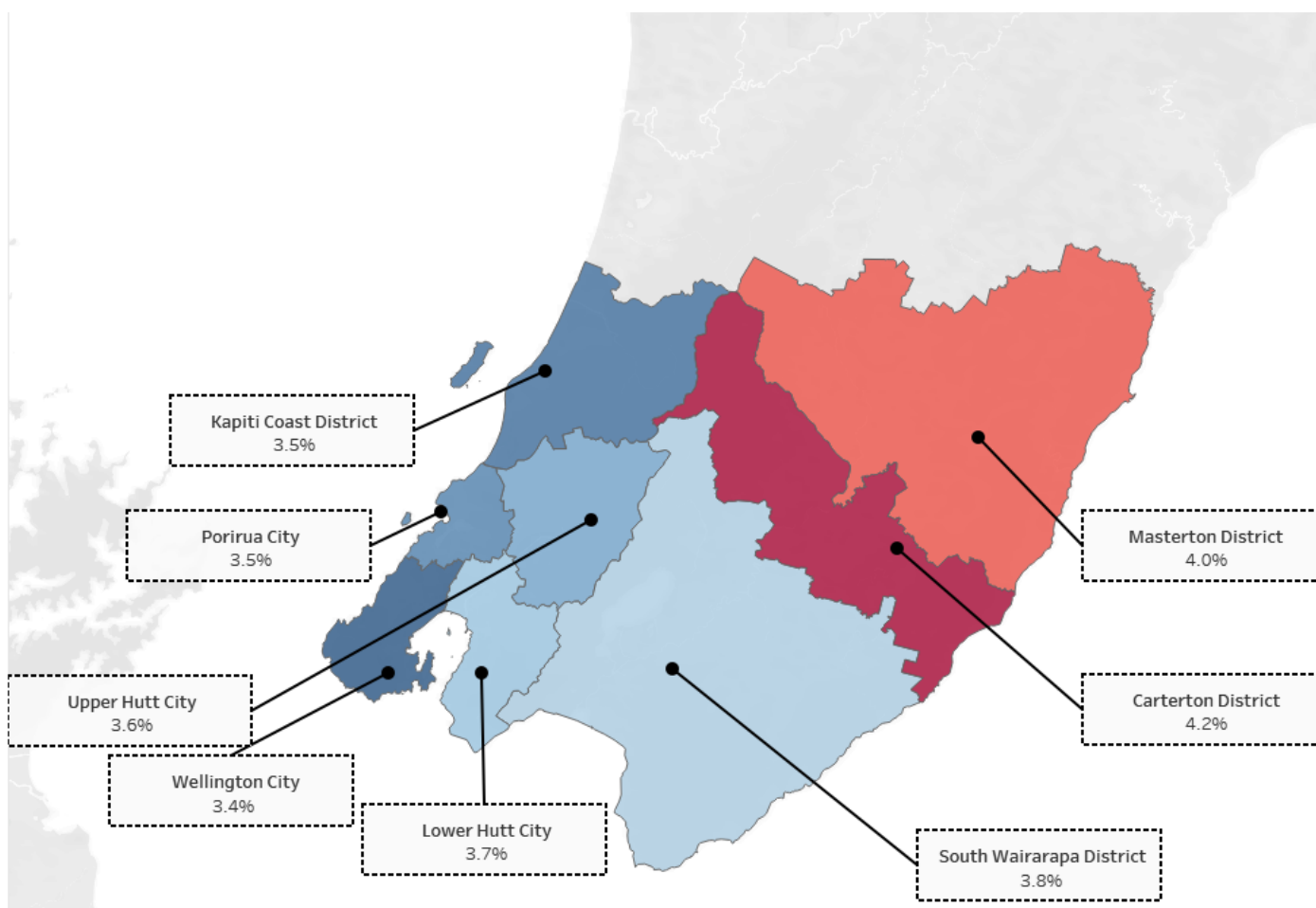




# RENTAL YIELD - WELLINGTON

Location	Median Rental Price 3ME Sept 2019	Median Rental Price 3ME Sept 2020	Median Sales Price 3ME Sept 2019	Median Sales Price 3ME Sept 2020	Yield Sept 2019	Yield Sept 2020
Kapiti Coast District	450	470	610,000	702,500	3.8%	3.5%
Porirua City	480	520	700,000	763,500	3.6%	3.5%
Upper Hutt City	438	470	573,000	670,000	4.0%	3.6%
Lower Hutt City	450	490	580,000	680,000	4.0%	3.7%
Wellington City	525	540	800,000	825,080	3.4%	3.4%
Masterton District	350	360	400,000	465,000	4.6%	4.0%
Carterton District	400	405	395,000	500,000	5.3%	4.2%
South Wairarapa District	395	450	500,000	620,000	4.1%	3.8%

## RENTAL YIELD Wellington





*Disclaimer: This report is intended for general information purposes only. This report and the information contained herein is under no circumstances intended to be used or considered as legal, financial or investment advice. The material in this report is obtained from various sources (including third parties) and REINZ does not warrant the accuracy, reliability or completeness of the information provided in this report and does not accept liability for any omissions, inaccuracies or losses incurred, either directly or indirectly, by any person arising from or in connection with the supply, use or misuse of the whole or any part of this report. Any and all third party data or analysis in this report does not necessarily represent the views of REINZ. When referring to this report or any information contained herein, you must cite REINZ as the source of the information. REINZ reserves the right to request that you immediately withdraw from publication any document that fails to cite REINZ as the source.*