

Strong Marketing the Key to Success

Unless you have been in a coma or on Mars, you will all be aware that the residential property market is experiencing difficult times. Recently in the Sunday Star Times there was an article describing what has happened to house prices in different regions of the country. It highlighted that Palmerston North had experienced an 18% drop in house prices since November last year.

What does all this have to do with the rental market? Well, quite a lot. More and more people are now seriously looking at renting out their home rather than selling it. Only people who are extremely motivated will sell during a flat market.

I will try and paint a scenario. Mum and Dad have to move due to a job transfer to another location. The first thing they do is get an agent round to do an appraisal. The agent listens to what Mum and Dad believes their prized asset is worth and then the agent tells Mum and Dad what they think it will sell for. Disappointed that they cannot get what they want, they decide to rent and wait and see what the market does.

More and more people are doing this so we are witnessing an increased supply of properties available to rent. The other thing to take into consideration is that the general quality of these homes is of a high standard.

This is due to the fact that the majority of home owners will take more pride in their properties than what a landlord will. Due to this their properties are generally better presented. With there being more supply of properties it is good news for tenants and bad news for landlords as more choice puts the pressure on landlords to lower their rents to attract tenants.

As there is increased competition, we have to stay ahead of the pack especially when it comes to the marketing of our properties. Most enquires now coming via the internet. www.trademe.co.nz is the market leader for promoting rental properties and has a five to one hit ratio than the next biggest property website. Trade Me charges \$69 each to list a property.

Due to this, as of August 2008 we will list all managed properties on Trade Me. We have been able to negotiate a rate of only \$30 per property. This cost must be worn by the owner but is optional however we seriously recommend it. This will give your property exposure on three major real estate websites.

www.trademe.co.nz
www.realestate.co.nz
www.propertybrokers.co.nz

With more and more enquires coming through the internet it is important that we cover the main websites to maintain our position as market leader. With our increase in marketing, if a property does not rent it is for two reasons only.

1. It is over priced.
2. There is something wrong with the property.

What I recommend to owners is not to be too greedy and to present their properties in excellent condition attending to any maintenance issues. That way you will attract good tenants and this will help you stay afloat through the stormy waters that we are currently experiencing.

Regards,
David Faulkner
Property Manager

Market Rent

I have already discussed at length that we are seeing a changing market where in some areas and property types, supply outweighs demand. These figures are collected from REINZ and show the average rent for bonds lodged during that period.

What the figures do not show is that for the month of June there has been a 21.1% drop in the number of bonds lodged compared to the same time last year.

Average Rent for a Three Bedroom Property in Palmerston North

	June 08	May 08	Apr 08	Feb 08	Sep 07	June 07	Jan 07
Northern	255	260	250	260	250	255	240
Hokowhitu	295	280	272	280	265	290	295
Central	260	250	270	255	250	257	250
Southern	260	270	260	255	260	250	240
Average	267.50	265	263	262.50	256.25	263	256.25

Shower Dome



This is a great way of protecting your bathroom from condensation, mould and mildew. The shower dome is a kiwi invention and there are eight different

shapes that can fit most showers. They are installed by a local company and cost approximately \$400. If you want a quote do not hesitate to contact our office and we can arrange this.

Recommended Reading

The first book I read about property was Real Estate Investors Secrets by Graeme Fowler. This book inspired me to become a landlord. Basically it tells how ten New Zealanders became millionaires through residential property. It is simple to understand as the investors give different strategies as to how they succeeded climbing the property ladder. The investors are from all over the country and it made me believe that anything is possible so long as you put your mind to it. I read this book about four years ago. Now Graeme has released an updated version of the book and is priced at \$34.95. Well worth it!

