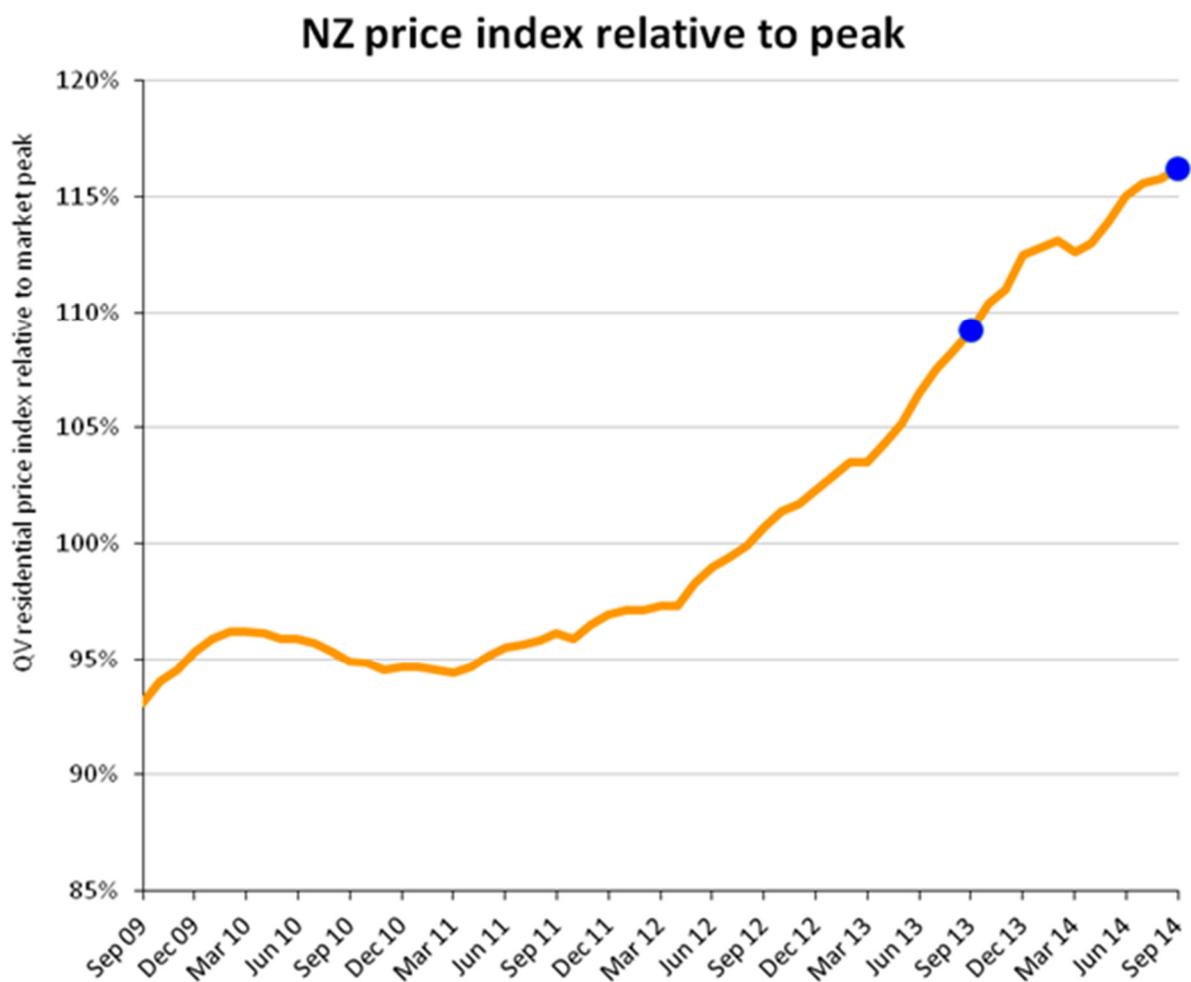


Election result brings renewed activity to the residential property market

06 October 2014 Quotable Value

The latest monthly QV Residential Price Movement Index shows that nationwide residential property values for September have increased 6.4% over the past year and 1.1% over the past three months. This means they are now 16.2% above the previous market peak of late 2007. When adjusted for inflation the nationwide annual increase drops slightly to 4.7% and values remain below the 2007 peak by 0.5%.

The Auckland market has increased 10.3% year on year and values are up 33.8% since 2007. When adjusted for inflation values are up 8.6% over the past year and are 14.6% above the 2007 peak.



QV National Spokesperson Andrea Rush said, “The New Zealand index is showing an increase in residential property values but the rate of growth continues to slow.”

“Auckland, Christchurch and Dunedin saw home values increase, while Tauranga remained flat over the past three months.”

“Wellington values continued the downward trend of recent months and Hamilton values were also slightly down over the past three months.”

“Following a lull in sales activity and low listings in the lead up to the election, the election result coupled with the coming of spring and stable interest rates is bringing renewed interest and activity to the market.”

Auckland

The Auckland region as a whole saw residential property values increase by 1.8% over the past three months and 10.3% year on year.

All areas of Auckland saw home values increase over the past three months. Auckland City – Central values bounced back rising 1.8%. North Shore City home values increased 1.4%: Manukau City rose 2.1% and Waitakere increased 1.6%.

QV Valuer Bruce Wiggins said, “Values are still rising but rate of growth has slowed significantly.”

“There could be a number of factors that have contributed to this over the winter including a low number of listings, the traditional winter effect, and the lead up to the election however there is now increased activity being reported in the market.”

“Those living in their first home who may be looking to upgrade to a larger home may find the gap between what their home is currently worth compared to the next step up is substantial.”

“For example a home bought three years ago in the \$400,000s could now be sold for around \$700,000. However, the next step could be around \$1 million and for some this may be a step too far in terms of required borrowing.”

Hamilton and Tauranga

Residential property values in Hamilton City decreased by 0.9% over the past three months; however they have increased 2.7% year on year.

Home values in Hamilton – South East were down the most, decreasing 1.3% over the past three months; Hamilton – South West is also down 1.1%, Hamilton – North East decreased by 0.9% while values in Hamilton – Central and North West remained the same.

QV Valuer Nicky Harris said, “There is a lack of quality stock in well established areas which is driving prices in these areas predominantly in the central and north west of Hamilton.”

“There is still a good supply of property on the market in the north eastern suburbs and where the greatest volumes of sales are occurring and values appear relatively stable.”

“There are more first home buyers coming back into the market with the availability of Welcome Home Loans but this has not yet appeared to have had an effect on values as buyers are still cautious.”

Home values in Tauranga City have remained stable with a 0.0% change over the past three months and they have increased 4.5% year on year.

Values in the Western Bay of Plenty increased 0.4% over the past three months and are 2.1% higher than in they were this time last year.

QV Registered Valuer Mairi Macdonald said, “There’s increasing interest from first home buyers as banks relax lending criteria and increase flexibility and there’s also increased confidence in market since the election now that the result has created certainty.”

“There has been increasing demand in the top end of market with multiple sales occurred over \$1 million in past couple of months in the suburb of Matua and other water front locations.”

“Spring has seen an increase in property stock across all sectors of the market and there has been continued migration from Auckland and Christchurch.”

“House and land packages are popular with all levels of buyers particularly with first home buyers as they only need a 10% deposit for a new build. They are also popular with investors and retirees particularly in Papamoa and Pyes Pa.

“Investors are active across the city looking for well prices properties.”

“Home values in the Western Bay of Plenty are stable however sales in Omokoroa continue to show an increase above what other towns in Western Bay of Plenty and more in line with Tauranga which is why the district shows an increase.”

“Home values in other towns like Te Puke and Katikati are not really seeing much movement in values and there is limited sales activity.”

Wellington

Home values in the Wellington Region are still showing a slight downward trend, decreasing 0.9% over the past three months and values across the region as a whole are up 0.3% since September last year.

Home values in Wellington City decreased 0.5% over the past three months, as did values in Wellington Central and South down 1.6% while values in Wellington West bucked the trend increasing by 0.1%.

Lower Hutt home values have decreased by 0.9% in the past three months and Upper Hutt decreased by 0.6%.

QV Wellington Registered Valuer, Pieter Geill said, “Home values in Wellington are steady, and there is good activity at the high end – over \$1 million.”

“Well-priced and well-presented homes are still selling well and the first signs of spring and more daylight hours are likely to increase activity to the market.”

“The Hutt Valley market continues to be slow and there are a low but growing number of listings, as is usual for this time of year.”

“Buyers are often fickle and looking for a reason not to buy rather than a reason to buy. There is also an element of over-pricing with sellers’ expectations higher than what buyers are willing to pay.”

“The requirement for a 20% deposit due to the LVR is still having an effect and making it more difficult for first-home buyers to enter the market.”

Christchurch and Dunedin

Home values in Christchurch City have increased 0.3% over the past three months and they are 5.1% higher than in August last year.

Christchurch – Central and North has seen an increase in home values of 0.8% over the past three months; Selwyn District increased 0.5% and Waimakariri values rose 0.7% over the same period.

QV Valuer Daryl Taggart said, “There is an upbeat attitude in the city and over the last four weeks the market has kicked into gear and lots of houses are selling for good prices.

“After there being not a great amount of interest in auctions during July and August, we’ve seen several auctions lately with a lot of interested attendees and most properties selling on the day rather than being passed in.”

Home values in Dunedin City have increased by 0.3% over the past three months and 1.7% year on year.

Dunedin – Taieri values have increased 1.0% over the past three months; Dunedin Central and North is also up 0.1%; as is Dunedin Peninsula and Coastal up 1.3% while Dunedin South is down 0.5% over the same period.

QV Southern Manager Tim Gibson said, “The residential property market within Dunedin remains steady with slight value growth.”

“Sales activity levels continue to be low but there are some early indications of listings increasing and more market interest which could be seasonal now spring has arrived.”

“There is also relatively good demand for properties in the \$300,000 plus range.”

Provincial centres

Values in the provincial centres are variable while many are decreasing or flat and there are a few areas where residential property values have increased.

In the North Island, the Far North District has seen residential property values rise 2.7% over the past three months and 2.7% year on year but values are still 23.6% below the previous peak of 2007. Whangarei District is also up 1.5% over the past three months and 3.1% year on year but values there are still 14.6% below the peak of 2007. Values in Rotorua District have increased by 3.2% over the past three months and 0.5% year on year. They remain 5.7% below 2007 levels.

In the South Island, residential property values movements are also variable. Home values have increased over the past three months in Timaru by 1.2% and 3.1% year on year and they are now 12.9% above the previous peak of 2007. Values in Central Otago District are up 3.8% over the past three months and 6.3% year on year and they are now 2.6% above 2007 levels. While values in Marlborough are down by 2.4% over the past three months, 2.4% year on year and 12.9% since the previous peak of 2007.