Regions Faring Better Than The cities But For How Long

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Three of the main six centres saw minor drops in property value results in the June results, with Auckland, Tauranga and Christchurch all dropping 0.1%. Christchurch’s value results were also 0.3% down year on year.

The worst performing city is the Capital. Despite a slight recovery (where values bounced back to +0.4% in June after dropping - 0.9% at the end of May), Wellington’s values are now -1.3% from the end of March. Reduced availability and credit unavailability appears to be limiting what buyers can pay in with an average property value hovering over $750,000. The market weakness is spreading to Lower Hutt, where values increased only +0.6% since the end of March. Upper Hutt meanwhile sees more positive growth at +1.9% over the same time period.

For strong property market performance, you actually need to look to the regions.

Overall, NZ’s property market continues to be constrained by tighter lending criteria, despite short term interest rates remaining low. CoreLogic Head of Research, **Nick Goodall** advises that: “There’s no doubt we’ve gone past the peak growth phase of the most recent property cycle. The question now turns to how long the lull will last and whether it will be more than a lull. Given we’ve seen no discernible change in investor behaviour, any improvement to supply will be a long term game (even taking into account current record levels of building consents) and mortgage interest rates are set to remain low, so we think any drop will be shallow for now.”