

Nationwide value growth rallies as summer arrives for the housing market

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The latest monthly QV House Price Index shows nationwide residential property values for November increased 6.4% over the past year which is a much faster rate of increase than last month's annual growth of 3.9%. Values rose by 3.6% over the past three months which is also much faster than last month when the market slowed to a quarterly growth of 0.9% and the nationwide average value is now \$664,485 which is 60.4% above the previous market peak of late 2007. When adjusted for inflation the nationwide annual increase drops slightly to 4.4% and values are now 33.9% above the 2007 peak.

Meanwhile, residential property value growth across the Auckland Region was down 0.5% year on year which is the slowest annual rate since March 2011 but values ticked up over the past quarter rising by 0.4%. The average value for the Auckland Region is slightly higher than last month at \$1,045,741 and values are now on average 91.4% higher than the previous peak of

2007. When adjusted for inflation values dropped 2.4% over the past year and are 59.7% above the 2007 peak.

QV National Spokesperson Andrea Rush said, "It appears the spring/summer upturn has finally arrived in the housing market."

"Nationwide value growth has surged 3.6% over the past three months led by stronger growth in Wellington, Dunedin and many other regional centres around the country."

"Meanwhile, Auckland and Christchurch values also ticked up slightly over the past three months bucking a downward trend seen over the past couple of months."

"However, values in Hamilton and Tauranga ticked down slightly and some areas to the south and north of Auckland that have seen very strong growth in recent years also saw values drop significantly including the Kaipara and Hauraki Districts both down around 4.0% over the past quarter."

"The easing in LVR restrictions in January and retail banks lending criteria is likely to help improve activity and demand in housing the market as we move through the summer months but it's possible the usual slow-down over the Christmas period may mean we don't see the full impact of this until February and March next year."

Auckland

The Auckland market remains relatively flat with values holding or rising slightly in some areas and dropping in others. The former Auckland City Council suburbs rose 1.6% year on year and 0.7% over the past three months with Auckland City East rising well above average for the region, up 3.3% year on year and 1.8% over the past three months, the average value there is now \$1,570,354. Values dropped 1.0% for North Shore City in the year to November but rose 1.0% over the past three months; in a similar trend Waitakere values were down 2.9% in the year since November 2016 but ticked up by 0.6% over the past three months; Manukau was down 1.6% year on year and 0.9% over the past three months; values continues to rise in Franklin and Papakura; while Rodney values rose year on year but dropped back 1.1% over the past three months.

QV Auckland Senior Consultant, James Steele said, "There's been no significant change to the market dynamic since the change of government, values are holding in well located areas while they have dropped back in some areas further out of the city centre."

"An oversupply in some areas of Manukau is continuing to cause a decrease in prices particularly in large new subdivisions which are above the median house price while in parts of Waitakere values have also dropped back some suburbs.

However, other tightly held areas particularly in central Auckland are still doing well and seeing values still rising."

"A lack of pressure on property owners to sell, particularly given low interest rates and solid rental levels, has meant that the large decrease in demand over the past year instigated by LVR restrictions, has meant prices have remained relatively flat."

"Across the board we are still seeing a mixture of strong and weak sales where buyers can be more selective under more 'normal' market conditions and where a particular vendor has a strong desire to sell a buyer can usually be found, but perhaps at a discount to the market peak."

"Some developers are seeing a gap in the market where they are able to pick up a property at a discount and 'add value' through resource consents, taking advantage of the favourable development opportunities presented by the unitary plan."

“However finance can be an issue in completion of such developments and often they can be offloaded as a ‘ready to go’ project to a developer with the financial capacity to see it through.”

“Over the next year, if the availability of finance improves and market demand dictates we would expect to see a number of small-scale, high density infill developments come to the market as more consents are approved.”

Hamilton

Hamilton City home values dropped slightly by 0.1% over the past three months but were 1.4% higher than in November 2016. Values in the city are now 50.5% higher than the previous peak of 2007. The average value in Hamilton is now \$544,050.

QV Hamilton Registered Valuer, Andrew Jaques said, “The market we observed over the past two years has now subsided and a regular market is now evident.”

“The expected spring rally has not yet eventuated with slower listing and selling numbers it appears measures to slow investor activity are having the desired effect in the market.”

“The Reserve Bank’s Loan to value restrictions of 40.0% for investors coupled with the big four Australian banks’ stricter lending criteria has led to a drop in the number of investment properties being purchased, the recent easing of this to 35.0% is unlikely to make much difference.”

“This has had a downstream effect of limited the number of new rental properties being available for rentals.”

“Properties listed for sale by auction have increased on the last couple of months and competing offers have become more the norm.”

Tauranga

Tauranga home values increased 3.3% year on year but decreased 1.0% over the past three months. Values there are now 42.7% higher than the previous peak of 2007. The average value in the city is \$687,310. The Western Bay of Plenty market continues to rise up 5.9% year on year and 2.1% over the past three months and the market is now 39.0% higher than the previous peak of 2007. The average value in the district is now \$626,120

QV Tauranga Registered Valuer, David Hume said, “The trend of a more stabilized market continues in the sub \$700,000 bracket, with many in the industry describing it as a more normalised market.

First home buyers are still finding it difficult to enter the market with, many saying the HomeStart grant introduced in July 2016 at \$400,000 for existing properties and \$450,000 for new being too low for the Tauranga region, with an average house price of \$688,000.

“There is still very strong demand in the Mount Maunganui area, with a 716 square metre vacant site at 98 Muricata selling recently for \$1.65 million. The site previously sold in May 2015 for \$1.15 million in what was already considered a hot market at the time.”

“Investors will be welcoming the news of a decrease in the LVR restrictions to 35% effective from January 2018. Although still a long way from historic limits at 20% but better than expected, with many forecasting 40% for all of 2018.”

“The Western Bay of Plenty has seen more continued growth throughout 2018, with now a similar percentage increase as Tauranga from the previous peak in 2007.”

“Soaring Kiwifruit Orchard prices continue, with some prime established Gold orchards now achieving over \$1,000,000 per hectare.”

Wellington

Values across the whole Wellington Region rose 9.8% in the year to November and 2.6% over the past quarter and values are now 36.3% higher than the previous peak of 2007 and the average value is now \$621,289..

Wellington City increased by 9.7% year on year and 3.4% over the past three months and is the average value there is now \$749,870. Wellington – North up the most, increasing by 5.3% over the past three months alone.

Meanwhile values also continue to rise strongly in Upper Hutt up 14.1% year on year and 4.0% over the past three months; Lower Hutt rose 13.5% year on year and 1.6% over the past quarter; Porirua rose 13.0% year on year and 2.6% over the past quarter as is Kapiti Coast up 16.0% year on year and 3.9% over the past three months.

QV Wellington Senior Consultant, David Cornford said, “Listing numbers have increased over the past month providing buyers with a bit more choice however supply is still tight and a sellers’ market prevails”

“Strong prices are being achieved and we are still seeing value growth in the market however this is much more moderate compared to 2016”

“Market activity has picked up over November however it remains subdued when compared to the same time last year”

“A number of property investors we have spoken with are evaluating their property portfolio after the government’s announcements around minimum rental standards, negative gearing and improved tenants’ rights.”

“There is strong upwards pressure on rents throughout the region with demand out stripping supply for rental properties.”

“Demand for new builds and vacant land remains strong, and first home buyers continue to be active in the market”

Christchurch

Christchurch city values have decreased 1.5% year on year and but ticked up 0.2% over the past quarter and values in the city are now 30.2% higher than the previous peak of 2007. The average value is just shy of half a million dollars and is sitting at \$493,899. However values are continuing to rise more strongly in the Waimakariri District up 2.3% year on year and 1.3% over the past three months; while Selwyn values were relatively flat rising 0.2% year on year and 0.1% over the past quarter.

QV Christchurch, Registered Valuer, Hamish Collins said, “First home buyers are still active in the market but the usual spring/summer upturn hasn’t arrived at usual levels this year.”

“The LVR restrictions and bank’s stricter lending criteria have definably created a handbrake for investors and many are now selling poorly performing properties in search of higher yielding ones in order to better meet banks internal serviceability criteria.”

“It appears many who were waiting for new government to be confirmed before entering the market are now waiting to see what new governments affect will be on property market.”

“This appears to be causing some uncertainty in the market and some offers are falling over during due diligence.”

“There are more auctions being passed in and being listed either by negotiation or with asking prices and vendors are finding they have to adjust their price expectations to what they may have asked six months or a year ago.”

“However, the high end market is still seeing good activity with record land sales being achieved in Merivale and Fendalton and good quality homes in good areas are always in demand.”

Dunedin

Dunedin residential property values are continuing to rise and have increased 13.1% in the year to November; 2.8% over the past three months and they are now 35.0% higher than the previous peak of 2007. The average value in the city is now \$386,326.

QV Dunedin Property Consultant, Aidan Young said, “The first home buyers’ market remains competitive with multi-offer scenarios still common but there are reports of some large variances in both offers and or conditions.”

“There is still strong demand for vacant land in Mosgiel as some of the larger developments near completion.”

“There is traditionally a flurry of activity before Christmas in the Dunedin market as people look to get everything sorted before Christmas and this year is no exception, the market is currently seeing plenty of activity.”

Nelson

Nelson residential property values continued on their steady upward trending rising 13.0% year on year and 2.8% over the past three months and values are now 44.4% higher than the previous peak of 2007. The average value in the city is now \$553,052. Meanwhile values in the Tasman District have also continued to rise, up 13.6% year on year and 2.8% over the past three months. They are 37.8% higher than in the previous peak of 2007. The average value in the Tasman district is now \$553,187.

QV Nelson Registered Valuer Craig Russell said, “The residential market remains strong in Nelson and Tasman for modern or well-maintained properties, and they are selling quickly.”

“Properties that require tidying or updating tend to take longer to sell and vendors need to be realistic about pricing.”

“Listings have continued to increase bringing more properties on the market.”

“There appears to be some trading happening in the market with the on-selling of sections and newly built houses due to strong demand in those sectors.”

“We expect to see a busy first half of December as sales transactions are finalised before the Christmas holiday close down period.”

Hawkes Bay

Values continue to rise across the Hawkes Bay region. Napier values rose 17.0% year on year and 4.1% over the past three months. The average value in the city is now \$478,059 and values are now 40.5% above the previous peak of 2007. The Hastings market also continues rise up 17.6% year on year and 3.6% over the past three months and the market is now 41.6% higher than 2007. The average value there is now \$441,307.

Provincial centres

In the North Island, some provincial areas that have seen very strong growth in recent years to the South and North of Auckland have now seen values drop back including the Kaipara District down 4.3% over the past three months; the Hauraki District down 3.9% over the past

three months; and Thames Coromandel District down 2.9% over the same period. Meanwhile, values are rising in many lower North Island areas that haven't seen much growth since the previous peak including Stratford, Rangitikei, Manuwatu and Palmerston North.

In the South Island regional centres, it's also a mixed picture with some areas still rising and others seeing values flat or dropping. The Mackenzie District continues to see very strong growth with values in Tekapo now topping \$800,000; values have also jumped 7.8% over the past three months in Southland and Invercargill is also up 4.6% over the same period. Meanwhile values are down over the past quarter in Ashburton, Kaikoura, Timaru, Clutha, and on the West Coast Districts of Buller, Grey and Westland.

You can access the latest QV House Price Index [here](#).

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