

Return to market stability

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Auckland

Value growth has picked up again in many markets around New Zealand but the halcyon days of double digit increases look to be over.

By Miriam Bell

The latest QV House Price Index shows nationwide property values upped the pace in November after several months of slow growth.

Once adjusted for inflation, national values were up by 4.4% year-on-year which left the average national value at \$664,485.

Not only did November see a much faster rate of annual increase than that of October, but it also saw quarterly value growth speed up to 3.6% from 0.9% in October.

QV national spokesperson Andrea Rush says the surge in national value growth was led by stronger growth in Wellington, Dunedin and many other regional centres around the country.

Auckland and Christchurch values also rose slightly over the past three months bucking a downward trend seen over the past couple of months, she says.

“However, values in Hamilton and Tauranga ticked down slightly and some areas to the south and north of Auckland, like the Kaipara and Hauraki Districts, that have seen very strong growth in recent years also saw values drop significantly.”

Rush says the easing of the LVRs in January and retail banks lending criteria is likely to help improve activity and demand in housing the market going 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.”

While many regions saw some increase in growth recently, overall the QV data paints a picture of a more stable, less volatile market.

The Auckland region provided a good example of this.

While the Super City’s quarterly value growth of 0.4% in November may be better than the negative growth it has displayed in previous months’ data, it is best described as static.

Further, once adjusted for inflation, the region's values dropped by 2.4% over the past year, leaving the average value at \$1,045,741 in November.

QV Auckland senior consultant James Steele says values are holding in well located areas, particularly in central Auckland, but 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 while in parts of Waitakere values have also dropped back, he says.

“But a lack of pressure on property owners to sell, given low interest rates and solid rental levels, and the large decrease in demand instigated by the LVR restrictions has meant prices have remained relatively flat.”

They are still seeing a mixture of strong and weak sales as buyers are more selective under more “normal” market conditions, he says.

QV valuers from Hamilton, Tauranga, Wellington and Christchurch all described market conditions that are more normal, stable or subdued than they have been in recent years.