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OneRoof Property Report: Is your suburb hot or not?

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2019 has proven another active year for the New Zealand housing market, although the big changes have been behind the scenes as opposed to within: the reset of Kiwibuild; the dumping of a proposed capital gains tax; the loss of tax breaks for investment properties; the increased focus on healthy homes legislation and standards; the results of the census and local authority elections; and, perhaps most important, further cuts to the Official Cash Rate.

The cumulative impact of all of the above has been to make buyers and homeowners more cautious. The drop in listing volumes, especially in Auckland, has skewed the market somewhat — first home buyers are taking advantage of low interest rates and less competition to snap up "affordable" homes, but there is only so many of those to go around in the main urban centres.

Meanwhile, homeowners in the million-dollar-plus category have been holding out for a pick-up in the market, and recent sales stats suggest Auckland is finally seeing that after two years of a slump.

Despite the above, we are still seeing strong housing market results in smaller locations as investors and first home buyers alike compete for affordable stock. As predicted, rates of value growth have stalled somewhat in these locations, which is reassuring as the census results indicate that not all of these locations have had the population growth to sustain such rapid house price growth.

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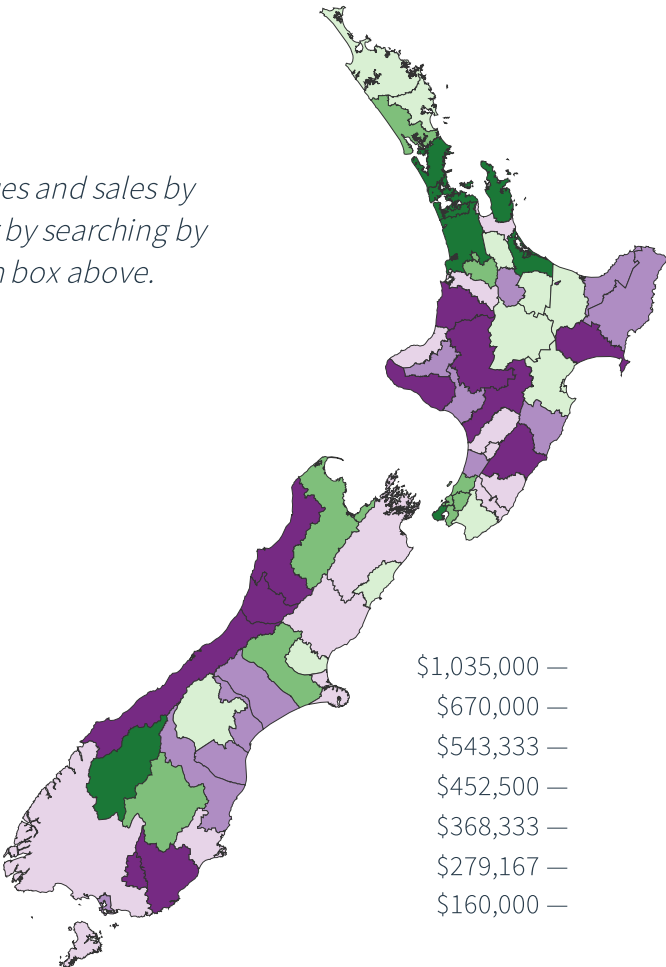


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Use the interactive below to see how house prices in your suburb compares to those in the rest of New Zealand. The interactive measures the growth in median values for every suburb in New Zealand and highlights each suburb's biggest sale in the last 12 months.

Select or search for a suburb or area

Explore property values and sales by clicking on the map or by searching by name in the search box above.



\$1,035,000 —
\$670,000 —
\$543,333 —
\$452,500 —
\$368,333 —
\$279,167 —
\$160,000 —

Colour map by

- Median value
- Change in the last year
- Change in the last three years
- Sales in the last year
- Highest sale in the last year

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Auckland

Whilst the overall the median value for Auckland is, at \$885,000, down 1.1 percent on last year, there has been a slight uptick in the city's housing market over the last three months. Growth has been strongest in Manukau - up 1.2 percent over the quarter - but Rodney is still lagging, down 0.5 percent.

The bounce back appears to be a return to more traditional seasonal conditions in Auckland, with the current spring surge in line with activity before the house price boom at the start of the decade. Supporting value growth have been the cuts to interest rates (and

hints of more to come), a shortage of listings and strong buying activity within certain markets and locations, most notably those suburbs that have a high percentage of homes within first home buyer budgets, which in Auckland has stretched now to between \$800,000 and \$1 million.

First home buyers are still the biggest buying group in Auckland, representing 28.2 percent of new mortgage registrations in the last quarter. Investors account for 14.56 percent of the current Auckland market, and although that figure is well below the levels seen during the boom, they have increased their share in the last quarter, which aligns with anecdotal evidence that they are re-entering the market in certain locations on the back of interest rate drops. Movers continue to represent a significantly smaller section of the market than they did during the boom years, accounting for only 9.21 percent of registrations.

Higher priced parts of the city have endured the biggest value drops year on year, with the likes of Ponsonby, Westmere, Glendowie, Takapuna and Long Bay all feeling the squeeze. Kumeu is Auckland's biggest faller, dropping 30.4 percent year on year to \$1.11m, although the flurry of new residential developments in the suburb is as much to blame for bringing down the median value as the current challenges in the lifestyle market. The suburbs that have dropped out of the million-dollar club include Albany, Browns Bay, Onetangi, Piha, Three Kings and Whenuapai.

Auckland's biggest riser is Omaha, up 16.9 percent year on year to \$1.62m, which goes to show not every high value suburb is under pressure. Omaha's reputation as a beach retreat for wealthy Aucklanders and limited stock have fuelled demand and boosted prices. Moving house may be off the cards for some, but buying a beach house remains a desirable option in current market conditions.

Overall, it would appear that Auckland has returned to more traditional seasonal market conditions, with a surge of activity occurring post winter and into the warmer months. Whilst this has not yet correlated into major value increases, with demand levels picking up, a slow uplift in value levels is likely over the next quarter.

Hamilton

Hamilton's housing market remains relatively buoyant, with the city's median value up 0.9 percent over the last three months and 5.6 percent to \$570,000. Unlike Auckland, the city hasn't suffered a slowdown since the end of the boom period of 2014-16, but the lack of heat in the market is evident when we look into sales volumes and buyer activity. Sales volumes are currently tracking 30 percent behind those of 2018, and whilst sales in October and November are not reflected in the 2019 count, it's unlikely that they will close the gap.

It's highly likely that many market participants are still opting to sit on the sidelines to see where prices go; this can be seen clearly in the mortgage registration figures for the last quarter, with investors and movers - currently sitting at 18.09 percent and 9.42 percent of new mortgage registrations - both down on last year. First home buyers, who represent

27.14 percent of new mortgage registrations, continue to capitalise on reduced competition levels.

Some parts of the city are better than others, with Hamilton Central, Silverdale and Whitiara seeing a 10 percent or more lift in median values year on year.

Tauranga

The median value of all housing in Tauranga is up 4.7 percent year on year to \$670,000, but growth has slowed somewhat in the last three months, with values up just 0.7 percent. The trend is comparable to that seen in neighbouring Rotorua, where the median value is up 9.6 percent year on year to \$455,000 but slowed to 1.1 percent in the last quarter.

Sales volumes in Tauranga are down significantly compared to the same period last year, but the good news is that investors are returning to the fray after sitting on the sidelines for the last two years.

Investors with three or more properties accounted for 16.23 percent of new mortgage registrations in the last quarter, up from 15.55 percent during the same period last year. First home buyers remain the most dominant buyer group, accounting for 24.53 percent of new mortgage registrations over the same period.

Tauranga's top performers are Gate Pa, Maungatapu, Parkvale, Poike, Tauriko and Welcome Bay - all up between 6 and 8 percent over the last 12 months. With the exception of Tauriko, the appeal of these suburbs lies in their relatively affordable price points - all have median values below \$650,000 (Tauriko's median value is \$1.33 million), attracting first home buyers and investors alike.

Wellington

Price growth in the capital appears to have stabilised, with the median value of all housing in the city currently sitting at \$770,000, a rise of 5.5 percent on last year but more or less unchanged since the third quarter of the year. With very little activity occurring over the past six months, homeowners in Wellington can expect to see the rate of annual growth begin to soften over next few months.

The softening of values and market activity may be the result of first home buyers - the dominant buyer group in the city - deciding to sit on the sidelines this year. The share of mortgage registration by first home buyers has fallen back in the last quarter and year on year - they make up 25.85 percent of new mortgage registrations. Interestingly, investors with three or more properties are filling the gap, increasing their share of new mortgage registrations from 16.56 percent in the last three months of 2018 to 20.5 percent this quarter. It would appear that investors have capitalised on interest rates cuts in a way first home buyers have not.

Affordable housing is driving much of the growth in the city, with the biggest leaps in median values in Grenada North, Newlands, Paparangi, Tawa and Te Aro. All enjoyed value

growth of more than 10 percent year on year and all have median values of below \$700,000.

Christchurch

After a lengthy period of little to no growth, Christchurch's housing market saw a slight increase in value levels over the past quarter of 1.1 percent, bringing the city's median value to \$445,000.

This rise appears to have been fuelled by an uptick in buying activity by investors, who have increased their share of new mortgage registrations significantly to 19.36 percent, compared to 15.44 percent for the same period last year. Investors appear to be targeting new build housing stock, which is more affordable in Christchurch than in other main centres.

With the majority of sales transacting between \$400,000 and \$500,000, Christchurch remains popular among first home buyers, who still represent the largest individual share of new mortgage registrations at 29.49%.

Interestingly, of the five Christchurch suburbs that saw a 5 percent or more leap in median values over the past 12 months, two - Huntsbury and Sumner - have median values of more than \$600,000, significantly above the median for the wider city. Evidence suggests that growth within these suburbs is coming from movers seeking to acquire a slightly larger home, often first home owners moving onto their next rung on the ladder.

Dunedin

Dunedin remains the strongest performer among New Zealand's major cities. Annual house price inflation is currently 16.9 percent, (and quarterly growth is 2.3 percent), making Dunedin the only main housing market experiencing double-digit value growth. It is worth noting that these quarterly and annual growth rates have softened since the last quarterly report, although not to a significant degree.

The median value for all residential properties in the city is \$450,000, which is why the city continues to appeal to first home buyers, who currently represent 28.18 percent of new mortgage registrations. However, as observed last Property Report, first home buyer activity is slowing, which suggests property prices in the city are beginning to exceed the budgets of most first home buyers. However, for the first time in more than 12 months, the share of new mortgage registrations to investors with three or more properties has increased, and now sits at 17.22 percent.

The appetite among first home buyers to secure affordable housing stock is reflected in the identity of the city's top-performing suburbs. Of the 12 suburbs that a 20 percent or more lift in median values in the last 12 months, nine had median values of less than \$500,000.

Queenstown

House price growth in Queenstown has stalled, with the median value of all properties in the city up just 1.3 percent to \$987,500. This stalling is considered the net result of continued declines in market activity in the area.

Residential sales volumes fell 15.4 percent between 2017 and 2018, and have continued to slide in 2019, with current sales volumes over the last 12 months down more than 40 percent.

Much of the "blame" for the drop in Queenstown's housing market can be attributed to the overseas buyer ban, which has cut off a key group of buyers that helped push up values over the last two decades.

Reversing the trend observed in recent reports, multi-homeowners - those purchasing a second property - are the only group who have increased their share of new mortgage registrations in the city compared to the same period last year. They represent 14.61 percent of new mortgage registrations, whilst registrations to investors and first home buyers continues to decline - not surprising given the lack of affordable housing stock in the city.



\$430,000

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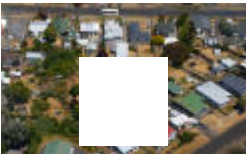
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