

# The Auckland housing market in 2015

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Experts give their take on the Auckland property market this year. Photo / Richard Robinson  
Buy or sell? Fix or float? Financial and property experts make their predictions and give advice on surviving in the sizzling Auckland housing market this year.

QV spokeswoman - Andrea Rush



## 1. What can we expect to see happen to house prices in Auckland?

Sales turnover is likely to remain buoyant in the first few months of the year. However, the lack of listings will continue to constrain the market. Given strong migration, continuing low interest

rates, a shortage of housing and good consumer confidence, values are likely to keep increasing throughout the year

**2. Is now a good time to buy? If not, when?**

Buyers face more competition at this time as more people tend to actively look in spring and summer. However, people also tend to sell then so there should be more options on the market. Given it's an upward moving market and interest rates have come down it is a pretty good time to buy.

**3. Should homeowners be on fixed or floating rate for the next year or two?**

Competitive fixed rates are available with cash advances as well, so I would fix and shop around for the best deal on interest rates and other incentives.

**4. Where are the next hot spots?**

For the inner city or city fringe suburbs look for a two or three-bedroom, two-bathroom townhouse with parking as close to the city as possible or a good-size apartment with car parking. Buying further out, look for a stand-alone house for \$600,000 in good school zones and with public transport. Choose solid, well maintained properties you can add value to in the best street. You could also look for home-and-income properties to help with mortgage repayments if you are a first-home buyer with a lower deposit.

**5. If you had \$600,000 to spend on a property what would you do with it?**

Buy in an area where there are new developments, such as Flatbush, Westgate, Addison in Papakura, as new-build properties are not subject to the same LVR restrictions. Also, more established suburbs such as Papatoetoe, Papakura, Swanson, Massey, Birkenhead and West Harbour.

REINZ CEO - Helen O'Sullivan



**1. What can we expect to see happen to house prices in Auckland?**

Barring external shocks, we'd expect house prices to continue to increase in the coming year - but with the measures of the past 12 months to improve supply, we do expect to see the rate of increases plateau.

## **2. Is now a good time to buy? If not, when?**

Whether it is a good time to buy or not depends on individual circumstances. Most people buy for family or personal reasons or because they get tired of renting and want a permanent home. Interest rates are still low relative to historic levels, which may encourage more buyers. However, the LVR measures mean you need to be good at saving to gather your deposit. It is a very mixed bag at present.

## **3. Should homeowners be on fixed or floating rate for the next year or two?**

Again, this depends on individual circumstances and your preference for certainty (in which case look for fixed options) over flexibility (in which case you may prefer to stay floating). Get advice from a finance professional.

## **4. Where are the next hot spots?**

The areas that have shown the largest percentage gains in value over the past few years are those that border highly popular suburbs but that have historically been cheaper than their neighbours - such as Meadowbank, Onehunga, Ellerslie, Mt Roskill. I'd expect to see places move fastest where the medians are below the Auckland region but that are on transport routes and/or close to the city.

## **5. If you had \$600,000 to spend on a property what would you do with it?**

Once again, this depends on personal circumstances and preferences. If it's a garden you're after, look in the outer suburbs on the train line, like Papakura, for example. If you're after proximity to the city, check out quality city fringe apartments - but brush up on the Unit Titles Act first and, in all cases, make sure you get advice from legal and building professionals before you do.

President Auckland Property Investors Association - Andrew Bruce



#### **1. What can we expect to see happen to house prices in Auckland?**

With the number of people coming into the country and current interest rates, I see more upward pressure on the Auckland housing market. Within the next two years, I'll be looking out for the impact increasing interest rates have on the market. The reason for this is your base costs of owning a house increase. For investors, there will be particular interest in whether the Reserve Bank Governor looks at implementing further tools, targeting property investors.

#### **2. Is now a good time to buy? If not, when?**

This is entirely dependent on individual circumstances, the reason for buying and whether it's your own home or an investment. If you are in a position to buy now it is a good time as prices are likely to increase this year, but when doing your budgets make sure you can cover any interest-rate increases in the future.

#### **3. Should homeowners be on fixed or floating rate for the next year or two?**

Once again, this is dependent on personal circumstance. I like to play it reasonably conservatively, so I'd be looking at fixing. This way you have certainty over your main cost of property ownership. Also, if possible, I'd increase weekly payments to pay off extra principal repayments while interest rates are low.

#### **4. Where are the next hot spots?**

I like investing in areas where substantial new public infrastructure is either proposed or being built. The Western Ring Route (including the Waterview tunnel) is a massive public investment project and will improve accessibility for the surrounding areas to the motorway. I'd look at areas surrounding these works that will benefit from improved transportation links.

#### **5. If you had \$600,000 to spend on a property what would you do with it?**

For a free-standing house I'd look at areas like Favona or Te Atatu. If you work in town and don't want to deal with the commute, look at an apartment in the CBD. I would also look for a property where I could add value through renovation.

Managing Director, Barfoot & Thompson - Peter Thompson



### **1. What can we expect to see happen to house prices in Auckland?**

I anticipate house prices will continue to increase over the first half of this year. Prices respond to economic conditions and supply and demand. With low mortgage interest rates, a growing economy, good job prospects and greater demand than supply, all indicators point to an active market. Looking beyond, something needs to change for market conditions to be overturned. It seems unlikely, but that could be in drastic Government or Reserve Bank intervention, or an unexpected economic downturn.

### **2. Is now a good time to buy? If not, when?**

People should think medium to long term. When buying an owner-occupied home, focus on the lifestyle the property will provide, whether you can afford the mortgage repayments and other outgoings, and only then think about long-term wealth accumulation. Current price is important but trying to pick the "right time" to buy is pure guesswork. As applies to many other financial movements, such as stock exchange prices and the exchange rate, there are no certainties.

### **3. Should homeowners be on fixed or floating rate for the next year or two?**

Interest rates are at historic lows and over time will inevitably increase. In setting fixed rates, banks factor in what they believe will happen to rates over time. Conventional wisdom is to fix a portion of your mortgage so you have certainty over your repayments in the initial years, and put a portion on floating. Rather than trying to out-guess the banks, you are better to think in terms of what you can afford now and over the next few years, and deal with interest rates five years out at that time.

#### **4. Where are the next hot spots?**

Don't try to pick winners when it comes to buying a home. Think lifestyle and affordability. Closeness to transport corridors, infrastructure in the form of schools, medical, shopping and recreational options, and distance to your place of work should be key considerations. Those with a limited budget will look at the outer southern, western and northern suburbs; those with more money will look to the eastern beach suburbs and the inner ring suburbs around the central business district.

#### **5. If you had \$600,000 to spend on a property what would you do with it?**

Do your homework and decide on the general geographic location where the family can have the lifestyle it aspires to. Thoroughly research local prices by way of available properties and those sold recently, to get a feel for the market. Price variations across Auckland are extensive. Form a relationship with a local agent who is a specialist in the area. Having an agent who brings new listings to your attention might just give you an edge over other buyers.

Financial analyst, commentator - Bernard Hickey



#### **1. What can we expect to see happen to house prices in Auckland?**

Auckland's housing market is flying. The headwinds of the Reserve Bank's late 2013 move to restrict high LVR lending and its early rate hikes last year have abated and prices are rising again at double-digit rates. Where they go from here depends on a range of factors. Net migration is forecast to fall and the Reserve Bank has forecast higher interest rates late this year and early next year. That might dampen the market. If migration gets stronger and rates don't rise, prices could rise.

#### **2. Is now a good time to buy? If not, when?**

It depends on your outlook on the likes of migration, interest rates, economic growth, employment growth, wages growth and your own personal situation.

#### **3. Should homeowners be on fixed or floating rate for the next year or two?**

It depends on your view on interest rates. Those who fixed last year might be kicking themselves now because fixed rates are falling again. Those who think rates will rise will be comfortable.

**4. Where are the next hot spots?**

Those areas with good and improving transport links will be attractive and history says areas closest to the CBD and in the most popular school zones have the strongest prices.

**5. If you had \$600,000 to spend on a property what would you do with it?**

If I was purely chasing tax-free capital gains and was confident that falling interest rates, high net migration and low building rates would continue, I would break it up into six deposits of \$100,000 each and gear them up with 80 per cent plus home loans to buy six rental properties on freehold land near motorways and the new City Rail Loop. That's the direction investors are being pushed in by the current incentives around capital ratios for banks and our tax rules.