

NZ house prices rise 3.6% in February, led by a 14% jump in Auckland prices

Sharetrader Thursday 12th March 2015

New Zealand residential property prices rose in February, led by Auckland where an under-supply of housing is putting pressure on the market.

Auckland's median house price jumped 14 percent to \$675,000 in February, compared with the year earlier month, outstripping a 3.6 percent increase in the national median price over the same period to \$430,000, the Real Estate Institute said in a statement. Excluding Auckland, the national median price was flat at \$350,000 compared with the year earlier, the agency said.

New Zealand's Reserve Bank is considering introducing new restrictions for residential property investors amid concerns that rising house prices may pose a risk to financial stability. RBNZ governor Graeme Wheeler, who estimates Auckland has a shortfall of between 15,000 and 20,000 properties to meet population growth, told a parliamentary select committee today that the supply and demand imbalance in the nation's largest city is still a risk and it is something the bank is keeping tabs on.

The latest house price data "underlines again the view that there are two distinct real estate markets in New Zealand - Auckland and the rest of the country," Real Estate Institute chief executive Colleen Milne said. "The Auckland market continues to experience higher demand than the available supply, with any new supply being quickly taken up.

"While politicians and policy makers focus on solutions to the Auckland region's housing supply problems, they will also be right to reflect on the need to ensure that any national application of new policies doesn't have an adverse effect on the rest of the country," she said.

Some 6,989 residential properties were sold in February, 13 percent ahead of the year earlier month and up 43 percent from January, according to the figures. February sales volumes were at an eight-year high, partly reflecting a "catch up" after fewer than expected sales in January, Milne said.

Auckland February sales volumes increased 10 percent from the year earlier month and were 34 percent ahead of January.

Houses took a median 41 days to sell last month, the same as February last year.

The REINZ stratified housing price index, which strips out variations in the mix of high and low-value homes sold, rose 6.1 percent from February 2014 to 4,069.7. The Auckland index gained 15 percent, the Christchurch index rose 6.1 percent and the Wellington index was unchanged.