

Predicted 2018 slowdown evident in latest results

Date: 07 March 2018 Quotable Value



Powered by CoreLogic data, the February QV House Price Index shows the late values resurgence witnessed in Auckland post-election subsided in February, dropping by 0.5%. Simultaneously, Wellington capital city values tracked sideways after previously experiencing more sustained growth throughout the second half of 2017 and into 2018.

Tauranga was the only main centre to show sustained growth – up 1.1% over the month, and 2.8% over the last three months. Full results across the country are [available here](#).

According to CoreLogic head of research Nick Goodall, it appears (with a few exceptions) that the expected 2018 value slowdown may already be underway. He said, “It still doesn’t appear as though we’re about to suffer a big drop.”

“It’s fair to say that NZ’s construction industry faces a major challenge in creating enough affordable stock at the speed required to keep up with our continually strong population growth. Speaking of which, the net migration tap hasn’t particularly slowed much recently, with figures remaining near all-time highs and a strong labour market helping to match those high numbers of jobseekers with actual jobs. Unemployment is currently at 4.5% - an impressively low figure: the best performance in almost a decade.”

“And of course, the kicker is our still-low interest rates. While banks have tightened their lending standards, low interest rates mean borrowing higher sums to secure a desirable property are possible.”

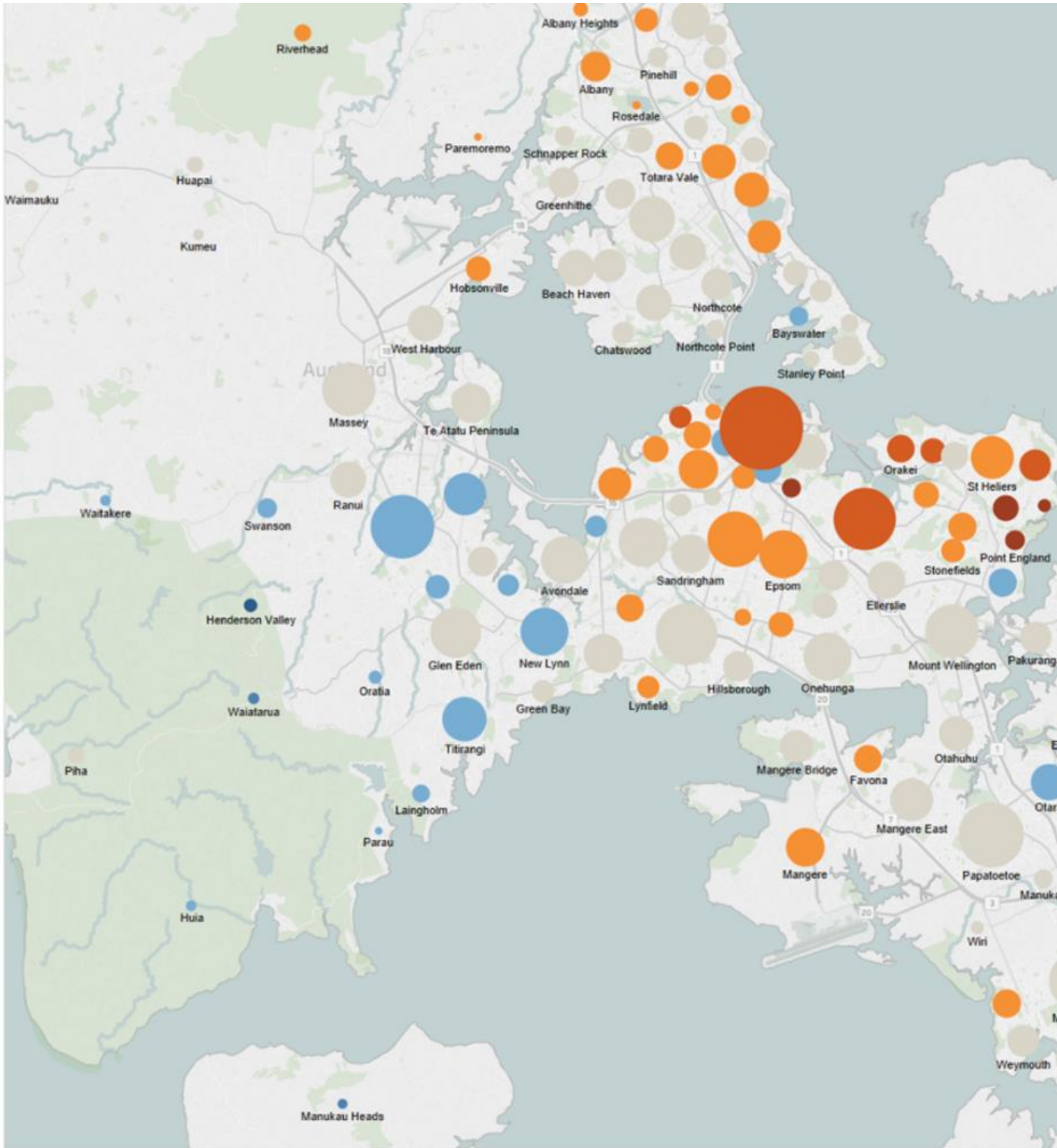
In closing, Mr Goodall said, “All these things will continue to keep a stable foundation for values.”

As the February index results show, not all areas within a country, let alone city, move to the same beat. This week’s [quarterly property market report](#) (using CoreLogic data) identifies Auckland’s better performing areas during the recent general slowdown phase.

In Auckland, the 12 month value change map highlights the top performing areas as Waiheke Island, Central Auckland and in the Orakei Ward, while the Howick Ward actually suffered a drop in values.

Parts of Waitakere also saw declining values, while there was modest growth in the North Shore.

See Map Next page



The size of bubbles in the map illustrate the volume of sales in each suburb, while the colour illustrates 12 month value growth.

Outside of the most talked about Super City, performance was typically variable. In both Hamilton and Tauranga growth was modest, with Mount Maunganui the top performer at only 6.5% per annum, well eclipsed by Putaruru, where value growth topped the list at 29%.

Napier had strong overall growth but a wide range of value change by suburb: Maraenui saw just 7.1% growth, whilst blue-chip Bluff Hill had 24.0% growth over the same period.

Mr Goodall said, "As with anything, the devil is definitely in the detail and where are in a changing market with weakening sales volumes, the power can start to shift to buyers as they become less anxious about getting into the market and realise that waiting for the "right one" can pay off as savings climbing faster than house values."

Tags: Property, CoreLogic, Auckland, Wellington, Housing, Real Estate, Property Market, Buying