

# March sees more sales but value growth still subdued

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The latest monthly QV House Price Index shows nationwide residential property values for March increased 7.3% over the past year which is the fastest rate since June 2017. Values rose 1.2% over the past three months. The nationwide average value is now \$677,618. When adjusted for inflation the nationwide annual increase drops slightly to 5.6%.

Meanwhile, residential property value growth across the Auckland Region increased slightly by 1.0% year on year and values also ticked up slightly by 0.4% over the past quarter. The average value for the Auckland Region is now \$1,055,992. When adjusted for inflation values dropped 0.6% over the past year.

The full set of QV House Price Index statistics for all New Zealand for March can be downloaded by clicking this link: [QV House Price Index March 2018](#)

QV National Spokesperson Andrea Rush said, “Residential property value growth remains subdued compared to recent years but March has seen the usual seasonal pick-up in sales volumes and activity.”

“This has seen nationwide annual value growth rise to 7.3% which is the fastest rate in nine months but sales volumes are still lower than usual for March.”

“Of the main centres Dunedin leads the way with annual growth of 9.4%, while the Auckland and Christchurch housing markets have seen little value movement over the past year.”

“Annual value growth across the Auckland Region has slowed from 12.3% in March 2017 to just 1.0% in March 2018 and Christchurch is down 0.6% over the past year.”

“The rate of growth has also slowed in the Wellington region from 21.2% in March 2017 to 8.2% in March 2018.”

“The Tauranga and Hamilton markets are still rising but again at much slower rates than the previous two years.”

“It’s the regions that continue to see the highest value growth driven by demand from people looking for more affordable homes or investment properties outside of the main centres.”

“The highest quarterly growth was seen on the East Coast settlement of Opotiki where values rose 16.1% in the first quarter of the year.”

“With restrictions on finance being eased by the retail banks it’s been a little easier for some investors and home buyers to gain finance to purchase.”

“First home buyers appear to be capitalising on subdued investor activity and some are finding they can purchase more easily without the same level of competition from multiple property owners if they are not already priced out of the market.”

### **Auckland**

The Auckland market remains stable with any value changes relatively small. North Shore values rose the most, up 2.9% in the year to March and 0.8% over the past three months and the average value there is now \$1,235,905. The former Auckland City Council central suburbs rose 1.2% year on year but were down 0.1% over the past three months and the average value there is now \$1,244,218. Waitakere values were down 0.5% year on year but increased 0.1% over the past three months; Manukau rose 0.3% year on year and 0.8% over the past three months; Papakura values increased 1.9% year on year and 0.9% over the past three months and the average value there is now \$703,258; Franklin values also rose 1.2% year on year and Rodney values were also up 1.0% year on year.

QV Auckland Senior Consultant, James Steele said, “Buyer activity has picked up in the entry level price brackets across the region and there’s been an increase in the number of sales being finalised during March.”

“We are still seeing the trend of well-presented and located properties continuing to sell well but homes with any issues, outstanding maintenance or that may lack sun not selling easily and tending to sit around on the market for longer and in general properties are taking longer to sell.”

“First home buyers have been more active in the market and they are taking advantage of less competition from investors and also lower deposit schemes being offered by banks.”

“The new build markets in areas such as Flat Bush and Hobsonville Point are also selling a little better than they were but there has been some discounting in these developments.”

### **Hamilton**

Hamilton City home values rose 2.2% over the past three months signifying a pick up in the market over the past couple of months and values increased 4.3% in the year to March. The average value in Hamilton is now \$555,549.

QV Hamilton Property Consultant, Andrew Jaques said, “It would appear that the market has bounced back from any quiet period we observed in December through to January with the number of sales and the number of listings slightly higher than this time last year.”

“In particular there have been a high number of sales in the city’s Northern suburbs such as Flagstaff and Rototuna and value growth has been stronger there over the past two months rising 4.4% in the first quarter of the year.”

“With more homes available for sale, buyers are feeling less urgency to purchase as soon as possible and this is placing less upwards pressure on prices.”

“The number of million dollar plus homes sold within Hamilton City has reached an all-time high, and agents expect this trend to carry on throughout 2018.”

“Despite the median house price in Hamilton remaining strong, investors still lack the confidence in the marketplace, and this is evident when they are off-loading rentals as opposed to investing further.”

“Rental demand remains very high. The competition to find rentals is not so much seen by the students, but more so families looking for three-four bedroom homes.”

### **Tauranga**

Tauranga home values rose 4.5% year on year and 1.9% over the past three months. The average value in the city is \$706,922. The Western Bay of Plenty market rose 8.0% year on year and 2.3% over the past three months. The average value in the district is now \$637,801.

QV Tauranga Property Consultant, Steven Dunn said, “Activity has increased in the Tauranga market during February and March however buyers no longer appear to have that fear of missing out and are taking more time over making decisions.”

“Despite there still being a shortage of listings in areas like Mount Maunganui people are not jumping in and are doing more due diligence and looking at the market and seeing what’s happening with values before making offers.”

“Prices in many areas including the popular Otumoetai have stabilised quite a bit with not much movement in values over the past few months.”

“First home buyers are active and are finding it easier to purchase now there’s less competition from investors.”

“It’s also easier for buyers to gain finance approval now that it’s more possible to get lower deposit loans and retail banks have eased back on the strict lending criteria of the second half of 2017.”

“We are still seeing the trend of people moving from major centres like Auckland and Wellington to Tauranga and the Bay of Plenty.”

### **Wellington**

Values across the whole Wellington Region rose 8.2% in the year to March and 2.6% over the past quarter and the average value is now \$644,567.

Wellington City values increased 7.2% year on year and 1.5% over the past three months and the average value there is now \$768,108. Meanwhile values in Upper Hutt rose 9.1% year on year and 2.8% over the past three months; Lower Hutt rose 7.2% year on year and 1.5% over the past quarter; Porirua rose 7.4% year on year and 1.6% over the past quarter and Kapiti Coast saw the greatest annual increase in the region with values there rising 13.8% year on year and 0.7% over the past three months.

QV Wellington Senior Consultant, David Cornford said, “There is still plenty of activity in the Wellington market though value growth continues to slow and it feels like we are starting to enter a period of stable property values after a couple of years of strong growth.”

“There is strong demand for property under the \$700K mark and in particular for anything under \$500K as first home buyers are a strong presence in the market in suburbs such as Porirua and the Hutt Valley where you can still find homes in this price bracket.”

“First home buyers are very active in the market, particularly in the Hutt Valley and Porirua where many are taking advantage of the Kiwisaver HomeStart grant, capped at \$500,000 for existing dwellings and \$550,000 for new dwellings. This segment of the market there is particularly strong”.

“Well-presented and located homes continue to attract a good amount of attention and are selling well and there is solid demand for vacant land and new builds.”

“The investor market remains relatively flat due to higher deposit requirements, lower promise of capital growth now prices are stabilising and the Healthy Homes Bill on the horizon”.

### **Christchurch**

Christchurch city values continue to be relatively stable with any value changes only slight. Values dropped slightly by 0.6% year on year and rose 0.1% over the past three months. The average value in the city is now \$494,117.

QV Christchurch Property Consultant Hamish Collins said, “The Christchurch market is still slow and steady and that’s what we expect to see now for the medium to long term.”

“It’s taking 10 days longer on average for properties to sell from this time a year ago and with supply exceeding demand buyers are able to be more picky than in previous years as there is no foreseeable growth and buyers are being conservative.”

“Vendors’ expectations are often higher than the reality of what they can get on the market and agents are conditioning accordingly to get the sale or the homes are withdrawn and held.”

“First home buyers remain active with particularly new builds where there are greater government contributions under the KiwiSaver Home Loan grants”.

“There is plenty of activity in the lower end of the market for homes selling for between \$350k and \$500k. Whereas properties marketed at over \$600k are taking longer to sell because there are more homes at this level on the market and less buyers who can purchase at this level.”

“There is an oversupply of homes in the top end of the market as well priced at above \$800k to over \$1 million.”

“Investor finance is becoming easier to get but they are still finding the 35.0% deposit is making things difficult.”

“Some developers are finding they need to drop asking prices to sell units in order to have funding ready for the next development they have already committed to.”

“Often we are seeing low sales which can be explained by developers or renovators taking a hit on price to get a quick sale in order to move onto next project.”

### **Dunedin**

Dunedin residential property values are continuing to rise and have increased 9.4% in the year to March and 1.8% over the past three months. The average value in the city is just shy of \$400,000 and is sitting at \$398,120. Dunedin – Taieri saw the strongest growth with values up 9.7% year on year and 4.2% over the first quarter of the year. The average value there is now \$415,844 contributed to by the larger number of new builds in this area.

QV Dunedin Property Consultant, Aidan Young said, "The mid to upper end of the market is seeing good levels of activity with out of town investment remaining consistent in addition to local buyers selling and moving up the property ladder."

"Deadline tenders are becoming a more prevalent way to sell, indicating that people need to put their best foot forward with their offers."

"As we move toward winter it's a typically quieter time of year in the Dunedin housing market so it will be interesting to see if the sale volumes remain stable throughout the colder months."

"It appears that activity has already slowed during March than during the first two months of the year so this trend may continue throughout autumn and through winter."

### **Nelson**

Nelson residential property values continued to see moderate growth rising 8.4% in the year to March and 2.0% over the first quarter of 2018. The average value in the city is now \$566,052. Meanwhile values in the Tasman District have also continued to rise, up 9.7% year on year and 1.2% over the past three months. The average value in the Tasman district is now \$562,614.

QV Nelson Property Consultant Craig Russell said, "We have seen a continuation of strong demand across the region particularly for entry level homes popular with first home buyers and multiple offer situations still commonplace."

"Demand for executive type new or near new housing in the \$750,000 to \$900,000 price bracket has slowed slightly over the past few months with these properties often requiring an extended marketing period."

"This is likely due to affordability becoming more of an issue with house price inflation increasing at a faster rate than wage growth."

"Section prices continue to increase with pent up demand in developing subdivisions pushing prices up."

"Flats and low maintenance homes in The Wood continue to be sought after and are popular with retirees given its handy location close to the city centre and amenities."

"Nelson South and Washington Valley are also popular locations for first home buyers and investors given their relative proximity to the city centre but also because these locations generally comprise of entry level housing which provides superior yields."

### **Hawkes Bay**

Values continue to see strong growth across the Hawkes Bay region. Napier values rose 17.6% year on year and 4.1% over the past three months. The average value in the city is now \$497,562. Hastings values are also continuing to rise up 14.7% year on year and 2.7% over the past three months. The average value there is now \$457,145. The Central Hawkes Bay has also seen values jump 25.9% year on year and 9.4% over the past three months and the average value there is now \$327,971.

### **Provincial centres**

In the North Island, many provincial areas continue to see strong value growth while others have seen values drop. The Central Hawkes Bay saw the strongest annual growth rising nearly 26.0%; South Wairarapa has also seen very strong growth up 24.4%; while Opotiki has seen the strongest quarterly growth with values there rising 16.1% in the first three months of this year and

24.0% year on year. Values dropped in a number of places including some parts of Auckland, Wairoa, South Waikato, Waitomo and Tararua Districts.

In the South Island, most areas saw values rise with the strongest growth in the lower South Island as a flow-on from recent strong growth in Queenstown Lakes, Central Otago and Dunedin. Waitaki values rose 16.3% year on year and 5.5% over the past three months; Southland District rose 13.1% year on year and 3.3% over the past three months and Clutha rose 12.6% year on year and 5.7% over the first quarter of the year alone. Values decreased in most areas of Christchurch as well as in Buller and Hurinui Districts.