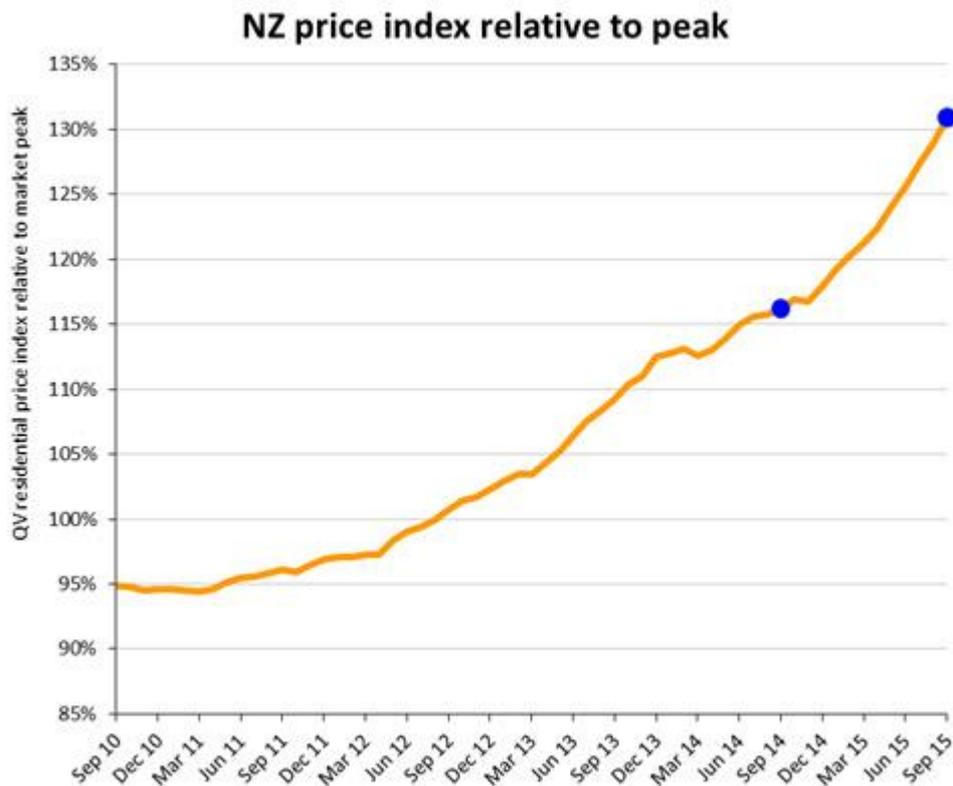


# Nationwide home values rise at fastest annual rate since 2007

## 01 October 2015 Quotable Value

The latest monthly QV House Price Index shows that nationwide residential property values for September have increased 12.6% over the past year which is the fastest rate since October 2007. Values rose 4.2% over the past three months and are now 30.9% above the previous market peak of late 2007. When adjusted for inflation the nationwide annual increase drops slightly to 12.3% and values are now 11.8% above the 2007 peak. The average value nationwide is now \$542,277.

The Auckland market has increased 22.6% year on year, 6.7% over the past three months and 64.1% since 2007 which is the fastest annual rate of increase since late 1994. When adjusted for inflation values are 22.3% over the past year and are 40.1% above the 2007 peak. The average value in the Auckland region is now \$896,676.



QV National Spokesperson Andrea Rush said, “Home values in many of the central and upper North Island centres have continued on the upward trend seen over the past few months.”

“This includes Auckland, Tauranga, Hamilton, the Waikato District, Hawkes Bay, Whangarei and the Far North. Values are also rising in Taupo and Rotorua after a long period of being quite flat.”

“Dunedin and Queenstown have also seen a continuation of an upward trend in values while the Wellington and Christchurch markets have been relatively flat over the past three months.”

“Nationwide sales volumes have also been tracking at between 36% and 43% higher over the past three months for the same period last year.”

“CoreLogic NZ buyer classification data shows the increase in sales volumes has been attributable to multiple property owners who own less than 10 properties purchasing more properties, as well as to a rise in sales to first home buyers.”

“Some of these sales can be attributed to Aucklanders relocating out of the city or investing outside of Auckland and first home buyers taking advantage of changes to the KiwiSaver and record low interest rates.”

“The high number of sales over the winter period could also be a result of buyers wanting to get in before the government and reserve banks changes around lending and tax rules, most of which come into effect today.”

## **Auckland**

The Auckland Region is showing a continued acceleration in values over the past three months however over the past few weeks there appears to have been a bit of a slow-down in buyer demand across Auckland. A higher percentage of properties at auctions have been passing and being sold by negotiation after the auctions and more properties are being sold with an asking price up front.

Values in the former Auckland City Council area rose 5.4% over the past three months and 22.6% year on year. The more affordable suburbs in the Auckland City – South area including Blockhouse Bay, One Tree Hill, Sandringham, Mt Albert, Wesley, Three Kings, Mt Roskill, Otahuhu, Onehunga, Mt Wellington and Royal Oak saw the largest percentage increase, rising 5.9% since June and 26.2% year on year and values there are now a whopping 80.2% higher than they were in the previous peak of 2007.

Waitakere City home values also continued to accelerate rising 7.5% since June and 26.3% year on year. The average home value in the west is now \$720,411.

Manukau values also continued to surge ahead, up 9.0% over the past three months and 25.0% year on year. The Manukau–Central suburbs including Otara, Redoubt Road precinct, Manurewa, Hill Park, The Gardens, Weymouth, Wattle Downs, East Tamaki and Wiri increased the most over the past three months, up a massive 11.5%, and 27.3% year on year. With the average value there now \$595,925 these suburbs still offer some of the most affordable homes in Auckland.

Values in the Papakura District also continued to steam ahead up 11.4% over the past three months and 29.8% year on year. Values in the Franklin District are also accelerating with values there up 6.8% over the past three months. Much of this is being driven by Aucklanders looking for affordable homes within commuting distance to the city.

QV homevalue Operations Manager Northern, Jan O’Donoghue said, “Overall there seems to be less hype, less panic and more caution.”

“There has been some sort of realisation among buyers that the prices are not affordable and there is time for them to do more homework before putting an offer in.”

“To the South, Papakura continues to see very high levels of sales activity and demand as homes there are still some of the most affordable entry into the Auckland market.”

“The suburb of Massey is also still quite hot as the infrastructure there is improving and a lot of rural land has been zoned urban or special housing areas. Plus it is also still one of most affordable parts of West Auckland.”

## **Hamilton**

Home values across Hamilton City are accelerating rising 9.0% since June alone. This has resulted in a 14.9% lift in values year on year. The average value in the city is now \$416,290.

QV homevalue Hamilton Registered Valuer, Chris Price said, “There is strong demand for housing in Hamilton City and the market remains buoyant. “

“Selling by auction has been the preferred method of sale during this year and there has been good success using this method for some time.”

“However, there has been a blip over the past week or two with a few more auctions passed in than previously. This could be due to a multitude of factors, of which could be a tentative approach by investors to the new legislation being introduced in this month.”

“Brick homes from the 1990’s and 2000’s eras are proving to be more popular and will drive a higher value than similar homes with other cladding varieties due to a hangover of a ‘leaky home’ stigma associated with some other cladding products.”

“Hauraki District values have been moving up in part due to out of town buyers finding investment properties attractive in Paeroa and home values there have risen 9.3% year on year. With an average value in the District of \$259,162, homes in the town are very affordable considering the close proximity to Auckland.”

“Values in the Waikato District also continue to show an upward trend, rising 2.8% over the past three months and 10.8% year on year. Much of this demand is being driven by Aucklanders buying affordable homes within commuting distance to the super city in places like Tuakau, Pokeno and more recently Ngaruawahia and Huntly. All of these towns also offer investors better yields for their rental properties.”

## **Tauranga**

Residential property values in Tauranga City have now ticked over the half million dollar market with the average value now sitting at \$502,771. Values in the city have risen 3.5% over the past three months and 11.2% year on year. While values in the Western Bay of Plenty also continued to rise, up 2.0% over the past three months and 6.5% year on year.

QV homevalue Tauranga Registered Valuer David Hume said, “The Tauranga market is still very strong with a demand far outstripping supply, as Auckland investors continue to be very active in the market.”

“The market continues to go from strength to strength, with record numbers being witnessed in the auction rooms around town.”

“Sale prices in Mount Maunganui are now well past the peak of 2007. There has been a lot of activity in the streets between Concord and Girven Roads as buyers are priced out of the more prestigious streets north of Golf Road.”

“A lot of young families are buying up in this area and it is undergoing a real transformation as a number of older dwellings are being renovated or demolished”

“This area is well located with its close proximity to Bayfair shopping precinct, Tauranga CBD, Downtown Mount Maunganui, and the Beach.”

“Papamoa continues to show good value growth, with developers reporting a lack of stock to meet the market as there is continued demand from Auckland buyers looking to make a ‘sea change’.”

“The recent completion of the Eastern Link Motorway and the Sandhurst drive off ramp has greatly improved accessibility to the area.”

## **Wellington**

Home values in the Wellington City increased by 2.4% year on year but were down very slightly by 0.1% over the past three months and the average value is now \$546,105. They are now 2.4% higher than in the previous peak of 2007.

Values in Lower Hutt decreased by 1.4% over the past three months but rose slightly by 0.7% year on year; Upper Hutt was also down slightly by 0.1% over the past three months but rose 0.9% year on year. Porirua values were also down by 0.6% since June but increased by 2.7% since September last year; while values on the Kapiti Coast increased by 0.4% over the past three months and 2.1% year on year.

QV homevalue Wellington Registered Valuer, Kerry Buckeridge said, “Increased interest from buyers appears to be translating to a minor upward price movement in some areas of the city which could relate to there being more demand than supply in the market.”

“This is due to there being a lack of homes of sale on the market which is typical for the winter in Wellington as people prefer to sell in the warmer months of the year. However this past winter has actually been a good time to sell because there’s been very little competition and open home attendance is high – unless your home is particularly sun-challenged.”

“It will be interesting to see how this plays out now that we are starting to see more homes beginning to come onto the market now that spring is here.”

“There is continued good demand for rental properties by investors in the central city market especially.”

“With most rentals on 12-month tenancy agreements, there are low vacancy rates and good rents are achievable and investors from out of town remain active in the Wellington market.”

“A top price of \$1,211,000 million was recently paid for an older style investment property in three flats. This property gained an exceptional amount of buyer interest and massive open home attendance which reflects the interest in the investor market in Wellington currently.”

## **Christchurch**

Home values in Christchurch City increased 2.9% year on year but were relatively flat over the past three months rising just 0.1% since June and the average value in the city is now \$474,814. Values in the more affordable eastern suburbs rose by the greatest percentage up 4.6% year on year and Christchurch-East now has an average value of \$360,358.

QV Christchurch Registered Valuer Daryl Taggart said, “General market forces are at play in the housing market with good properties still selling well and plenty of activity in the market.”

“There are a number of new apartment and townhouse developments coming onto the market in the central city which have been selling well.”

“The quick capital gains and above market rentals that were achieved in the years following the earthquakes have now reduced as a result of the more stable market.”

“For investors there is a correlation between rental and value. As rents have been reducing so have yields. This has been alleviated somewhat by recent reductions in interest rates.”

“However the indications are that a reduction in rents across the city is likely to have a downward effect on investment housing values if this current trend continues.”

“While there appears to be enough tenants to fill rental properties at present, achievable rents aren’t as high as they were, so it appears that after a few years of good returns investors may be starting to hold back from investing in the market.”

“Those who did invest may not get the expected returns and those who own rentals may opt to sell if they are not able to a high enough yield.”

## **Dunedin**

Residential property values in Dunedin continued to rise at a steady pace up 2.2% over the past three months and 4.6% year on year. Values are now 5.7% above the previous peak of 2007. The average value in the city has now topped \$300,000 and is sitting at \$302,651 which means the city continues to offer some of the most affordable housing for any city in

the country. The Dunedin – Central and North market saw the greatest increase with values there rising 3.1% over the past three months and 5.8% year on year.

QV homevalue Dunedin Registered Valuer Tim Gibson said, “Stronger growth has been noted within the central and north Dunedin student investment property market, as investors can generally obtain better yields than other urban locations such as Christchurch and Auckland.”

“A fair percentage of these buyers appear to be from outside the region with a wide geographical spread throughout New Zealand noted and not just from Auckland.”

“There is also good demand from locals for properties that are well located and presented particularly family homes across all parts of the city.”

### **Provincial centres**

In the North Island there has been a continued upward trend to the north of Auckland with the Far North District up 3.8% over the past three months; Whangarei District up 3.9% over the same period; while values in the Kaipara District rose 7.8% year on year. Values in Rotorua and Taupo are also up 4.0% and 2.0% respectively over the past three months while Opotiki, Gisborne and the Ruapehu District are still showing a downward trend in values.

In the South Island, it’s a mixed bag with many areas in close proximity to Christchurch seeing a plateau in values; the Timaru market has continued its upward trend with values rising 3.1% over the past three months and 9.7% year on year. While, Marlborough values also rose 5.8% year on year, as did Queenstown Lakes District up 9.6% year on year.

– See more at: <https://qv.co.nz/resources/news/article?blogId=205#sthash.0gTBQ5RP.dpuf>