

NEWS

KiwiBuild discount favours Auckland, Queenstown: CoreLogic

KiwiBuild's price cap system will offer the greatest discount on big homes in Auckland and Queenstown, new research from CoreLogic suggests.

- Thursday, October 4th 2018



The real estate research firm says larger homes in the two cities will enjoy the biggest price discount, while smaller homes, and those outside of Auckland and Queenstown, will see less of a discount, compared to the median market prices paid by first home buyers.

Under KiwiBuild, one bedroom homes in Auckland and Queenstown have a \$500,000 cap. Two bedroom homes in the cities have a \$600,000 cap, while three bedroom homes in the cities are capped at \$650,000. For the rest of the country, KiwiBuild homes are capped at \$500,000 regardless of size.

The ballot for the first KiwiBuild homes is already underway and lenders are grappling to win business from prospective buyers.

Buyers looking to enter the fierce competition for a one-bedroom KiwiBuild home may want to think again. According to the research, the \$500,000 cap on one bedroom properties in Auckland and Queenstown is just \$50,000 below the median price already paid by first home buyers.

In contrast, CoreLogic says two bedroom KiwiBuild homes in Auckland offer a bigger discount to market prices. First home buyers pay a median price of \$713,000 for two bedroom homes in Auckland, way above the \$600,000 KiwiBuild price cap.

The cap system offers Aucklanders more value than Wellingtonians. In the capital first home buyers pay a median of \$496,000 for a two bedroom home, under the \$500,000 limit.

Three bedroom homes or bigger offer the biggest discount according to CoreLogic. Median prices paid by first home buyers for three-beds in Auckland (apart from Papakura and Franklin) exceed the \$650,000 KiwiBuild price cap. As do homes in Queenstown.

Other cities offer slightly less value on three-beds, according to the research. The median price paid by first home buyers in Wellington City and Tauranga slightly exceeds the KiwiBuild cap. But prices in Upper Hutt, Lower Hutt, Porirua, Hamilton, Dunedin, and Christchurch do not exceed the Kiwibuild cap.