

Spring sees significant lift in listings

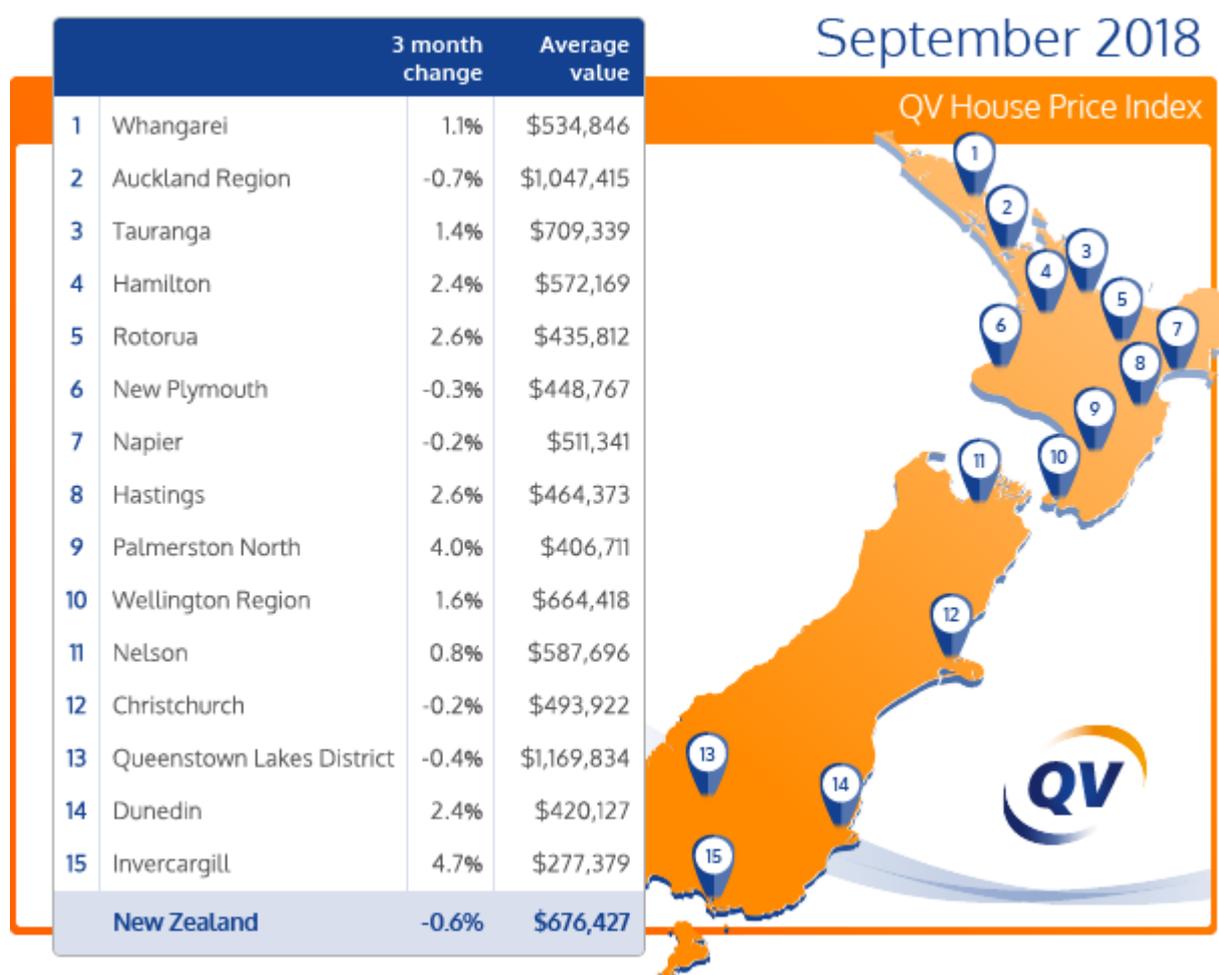
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The onset of Spring has seen a significant rise in listings although quarterly value growth remains modest, with low supply and stable interest rates keeping values at their current levels.

Despite slow quarterly growth, annual growth rates remain strong particularly in areas where first home buyer activity is relatively high such as Porirua, Upper Hutt and Dunedin City as well as many other smaller regional towns.

The latest QV House Price Index shows nationwide residential property values have increased steadily over the past year by 4.6% although they did fall by 0.6% in the three months to September. The nationwide average value is now \$676,427. When adjusted for inflation, the nationwide annual increase drops slightly to 3.1%.

Meanwhile, residential property value growth across the Auckland Region increased by 0.8% year on year although dropped by 0.7% over the past quarter. The average value for the Auckland Region is now \$1,047,415. When adjusted for inflation, values dropped 0.7% over the past year.



For a full breakdown of the QV House Price Index figures for September, please [click here](#)

QV General Manager, David Nagel said, “The arrival of Spring hasn’t had a dramatic impact on market values so far. While listings have increased significantly across most areas, quarterly value growth remains modest due to a lack of new market drivers. Supply has been constrained which, on top of stable interest rates, is keeping values at their current levels.”

“While market activity doesn’t appear dramatic on the surface, there is plenty happening behind the scenes. Investors and first home buyers continue to transform the makeup of more affordable areas on the outskirts of our city centres. Investors, in particular, are attracted to these areas due to the higher yields attainable in the likes of the Hutt Valley and Porirua.”

“We continue to see increased demand for different types of property. Population growth coupled with affordability constraints is driving demand for semi-detached units and apartments in our main centres. With these market changes set to continue, I expect this trend will become increasingly relevant in future years.”

“The continued slowdown in the rate of value growth in our main centres continues to have a ‘trickle-down’ effect on our regional centres, with many smaller provincial areas experiencing a gradual slowdown in growth. In saying this, regions that offer more affordable properties or exceptional lifestyle opportunities continue to see strong value growth.”

“As we move closer to summer, I’d expect an increase in listings and sales although the degree to which this impacts value growth remains uncertain. With the current low interest rates set to remain until well into 2020, it’s hard to see any dramatic changes to values outside of the usual seasonal fluctuations.”

Auckland

Value growth remains slow across Auckland's suburbs. North Shore values rose 1.8% in the year to September although they dropped 0.8% over the past three months. The average value there is now \$1,216,511.

The former Auckland City Council central suburbs rose 0.7% year on year and were 1.1% down over the past three months and the average value there is now \$1,234,458. Waitakere values stayed increased by 1.0% year on year but they decreased slightly by 0.2% over the past three months. Manukau values stayed flat year on year although dropped by 0.5% over the past three months; Papakura values rose 3.1% year on year but dropped by 0.4% over the last quarter and the average value there is now \$699,928; Franklin values increased 1.1% year on year and Rodney values were up 1.1% year on year.

QV Auckland Property Consultant, Hugh Robson said, “In general, the Auckland market appears to have remained fairly stable over the winter period, although there appears to have been a slight increase in demand and activity during August and September.”

“We have noticed a few more properties being placed on the market which normally happens as summer approaches. The central Auckland region continues to be a popular destination with prices in these suburbs remaining firm.”

“South Auckland and West Auckland are seeing an increase in activity mainly from first home buyers who are taking advantage of the low interest rates being offered by banks. A number of new Kiwi-build subdivisions have been announced recently, which has attracted strong interest from young families.”

“Investors and speculators have been fairly quiet over the past six months. Those who are still active are seeking land holdings with good future development potential under the Auckland Unitary Plan.”

“Demand for existing stock in desirable locations continues to be stable, especially for properties close to good services and located within desirable schools zones. These properties are still achieving solid prices, although not with the same premiums paid during the peak.”

Hamilton

Hamilton City home values rose 2.4% over the past three months and values increased 4.7% in the year to September. The average value in Hamilton is now \$572,169.

QV Hamilton Property Consultant Andrew Jaques said, "Hamilton City continues to remain level over the last three months, across the board. Values remain steady, which can be attributed to a decline in listings - which is favouring sellers' - and steady demand fuelling competition. This is resulting in multi-offers coming through."

"There continues to be strong interest in surrounding townships, providing affordability for first home buyers particularly in areas such as Ngaruawahia, Morrinsville, Te Awamutu, and Matamata."

"There is still plenty of new development, particularly in Rotokauri (Western suburbs) and Ridgedale (Northern suburbs), for house and land packages."

Tauranga

Tauranga home values rose 3.3% year on year and by 1.4% over the past three months. The average value in the city is \$709,339.

The Western Bay of Plenty market rose 2.5% year on year and 1.0% over the past three months. The average value in the district is now \$630,254.

Wellington

Values across the whole Wellington Region rose 9.6% in the year to September and increased 1.6% over the past quarter and the average value is now \$664,418.

Wellington City values increased 8.5% year on year and by 1.9% over the past three months and the average value there is now \$795,098. Meanwhile, values in Upper Hutt rose 8.8% year on year and 1.8% over the past three months; Lower Hutt rose 3.4% year on year and 0.1% over the past quarter; Porirua rose 7.8% year on year and 0.3% over the past quarter. Finally, the Kapiti Coast rose 7.4% year on year and 1.2% over the past three months.

QV Wellington Senior Consultant, Paul McCorry said, "Values have continued to level off over the last three months, predominantly in the higher-value eastern suburbs of Wellington City. The more affordable northern suburbs continue to show some modest value growth, highlighting the influence of first home buyers in these areas."

"Due to affordability constraints, demand remains buoyant for apartments in Wellington City which has seen some recent value growth. These new developments tend to sell well, with many still being purchased off plans."

"In the Hutt Valley and Porirua, overall values have either stayed the same or grown modestly over the past three months but these areas lead the way in terms of year on year value appreciation."

"The low interest rate environment and low listing numbers will continue to support values at their current levels for in the immediate future. This is further supported by the Reserve Bank's recent announcement that the Official Cash Rate will remain at 1.75%, as it has done since September 2016, which is likely to maintain favourable mortgage lending rates."

"While listing numbers remain close to historically low levels, the month of September has seen the typical spring surge of properties coming to market and we would expect this to continue with the approach of summer. In saying this, the increased supply is likely to keep a lid on value growth over the coming months."

“After a period of sustained growth, the Wellington market appears to be settling into a holding pattern. With modest growth but good price levels supported by limited stock, it remains a sellers’ market for the time being. The coming months will see a slight change in market dynamic with the expected increase in available properties, however this cyclical change is not anticipated to cause a major shift in the current pattern.”

Christchurch

It’s a continuation of recent trends for Christchurch City, with values either holding or dropping slightly. Values are slightly up year on year although they decreased by 0.2% over the past three months. The average value in the city is now \$493,922.

QV Christchurch Property Consultant Hamish Collins said, “We have certainly seen an increase in listings, but this has been matched so far with a similar increase in buyer demand.”

“Banks are tightening their lending criteria for investors, with the goal of reducing their risk portfolio. It’ll be interesting to see how this impacts the market in the coming months.”

Dunedin

Values in Dunedin continue their upward trend having increased 10.4% in the year to September and 2.4% over the past three months. The average value in the city is \$420,127.

QV Dunedin Property Consultant, Aidan Young said, “Overall market activity appears to have increased, with a slight surge in property listings and a good level of interest across all value ranges at open homes and auctions. In saying this, a shortage of property supply remains and this is helping maintain property values.”

“Multi-offer scenarios remain relatively common and first home buyers remain active in the sub \$400,000 value range.”

“The lead up to Christmas is expected to be a busy period with continued low interest rates, intense competition, and the usual seasonal rush anticipated.”

Nelson

Nelson residential property values rose 7.7% in the year to September and by 0.8% over the past quarter. The average value in the city is now \$587,696. Meanwhile, values in the Tasman District have also continued to rise, up 8.2% year on year and 1.1% over the past three months. The average value in the Tasman district is now \$583,877.

QV Nelson Property Consultant, Craig Russell said, “Market activity and values increased during September after a relatively subdued winter period. First home buyers have been taking advantage of the Kiwisaver savings withdrawal scheme and HomeStart grant, which has helped fuel growth particularly in the low to mid-value range. This demand is evident with good numbers at open homes and multi offer situations commonplace.”

“Locations such as Tahunanui have been popular with first home buyers, families and retirees given its central location, proximity to the beach and amenities. Properties in and around the city centre has been popular with young professionals and empty nesters in the \$550,000 to \$750,000 price bracket.”

“New properties in Richmond/Stoke in excess of \$800,000 have been sitting on the market for an extended period, with a number of homes for sale in this price bracket. Affordability constraints have meant that there is a diminished market in this value range.”

“The introduction of tighter restrictions for foreign investors is likely to have an impact on executive quality multi-million dollar properties with only a limited pool of buyers which exist at this value level.”

Hawkes Bay

Napier values rose 9.7% year on year although dropped by 0.2% over the past three months. The average value in the city is now \$511,341. Hastings values are also continuing to rise up 7.5% year on year and 2.6% over the past three months. The average value there is now \$464,373.

The Central Hawkes Bay has also seen values rise 18.1% year on year although they did drop by 0.7% over the past three months and the average value there is now \$337,773.

Provincial centres

In the North Island, the Waikato region has seen strong quarterly value growth particularly in South Western parts of Hamilton and South Waikato in general. Annual growth rates remain strong in regional centres including Rangitikei, Tararua, Central Hawkes Bay and Masterton.

In the South Island, solid value growth continues for the southernmost regions. Invercargill, Clutha and Gore in particular have seen comparatively strong quarterly growth figures. Invercargill has also experienced strong annual growth rates, as well as many Central Otago and the Queenstown Lakes.

Annual Change in Values

