

# First-timers drive housing market

By [Kirsty Wynn](#) NZ Herald  
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## **This house was bought and moved by its first-time buyers. Photo / Supplied**

Young professionals who stayed at home with their parents during the recession were now driving competition in the market for first homes.

Chief economist Tony Alexander said the need to spread wings, low interest rates, talk of housing shortages, rising rents and an improving labour market had first-home buyers out in force.

A Bank of New Zealand and Real Estate Institute of New Zealand (REINZ) survey found investor buying had dropped while first-home buyers had dominated sales.

"In contrast to investor activity, first-home buyer activity continues to rise very strongly and is perhaps the most notable feature of our survey in recent months," Alexander said.

He also noted people selling and buying again were much more likely to be downsizing rather than trading up.

The survey - of 10,000 licensed real estate agents - also found that the third-biggest motivation for selling, behind "needing the money" and "leaving town", was the break-down of a relationship.

Latest figures from REINZ showed 58.6 per cent of properties sold in October were in the under-\$400,000 price bracket.

Peter Thompson of Barfoot & Thompson agreed the first-home market was busy but said the \$1m to \$2 million market also showed great growth. The first-home buyer's bracket was competitive but he warned buyers not to over-extend as interest rates would only rise.

### **Savings with second hand**

First home owner Greg Skinner researched for five years before choosing to relocate rather than build on his family's dream site.

The Muriwai man found he could get more for his dollar with a second-hand home than a new build.

"Our house is nearly 200sqm and for the same money we would have only got a 100sqm of new house," Skinner said.

"With this option we got a big place with character and we think it is going to be worth more in a few years than a smaller modern house."

The four bedroom bungalow has plenty of space for his partner and two daughters.

The couple had to have it delivered, re-wired, re-plumbed, insulated, plastered and the interior painted - paying half of what a new build would have cost.

A new home based on between \$1500 and \$2000 a square metre would cost up to \$400,000.