



PROFESSIONALLY SPEAKING | DECEMBER EDITION

The Year That Was - Property Overview of 2016



Property has had more than its fair share of front-page stories this year, and even putting the property boom aside, there has still been plenty to talk about.

Interest rates have dropped to a historic low, allowing many homeowners to reduce their mortgage faster, or to have more disposable income for other priorities. Some investors have even purchased with 100% gearing and still managed to have a positive cash flow.

The Reserve Bank dropped the official cash rate to a record low of 1.75%, a long way from 8.25% only a decade ago. However, the last .25 points of reduction didn't soften bank interest rates any further; some banks even increased their rates slightly.

New Zealanders' debt reached an all-time high in 2016. In an attempt to restore some fiscal order, the Reserve Bank introduced a 40% loan-to-value ratio (LVR) for investors across New Zealand. By the year end, the new LVR rules had started to bite in some markets, although commentators –including the BNZ Chief Economist Tony Alexander – believe the impact will not last.

Rewind the clock back to January of this year, and there was talk of a share market crash as the world markets

see-sawed. But the financial analysts were wrong, as were many property analysts.

By the middle of the year, the median property price in New Zealand passed \$500,000 for the first time as the availability of homes on the market dropped by over 60% and net migration passed 70,000 for the year.

All in all it's been a busy year on the property front, with some sellers and investors experiencing excellent gains: a great way to head into the new year.

The most memorable week of the year was when we were woken by a 7.8 magnitude earthquake at 12.02am on Monday the 14th of November, which was immediately followed by widespread power cuts then a tsunami warning, and the very next day we were hit by torrential rain, floods and slips. This is the same week that our new Rateable Values arrived in the mail. Our properties, and the market, came through these major events remarkably well, with just a little softening in prices and some insurance issues.

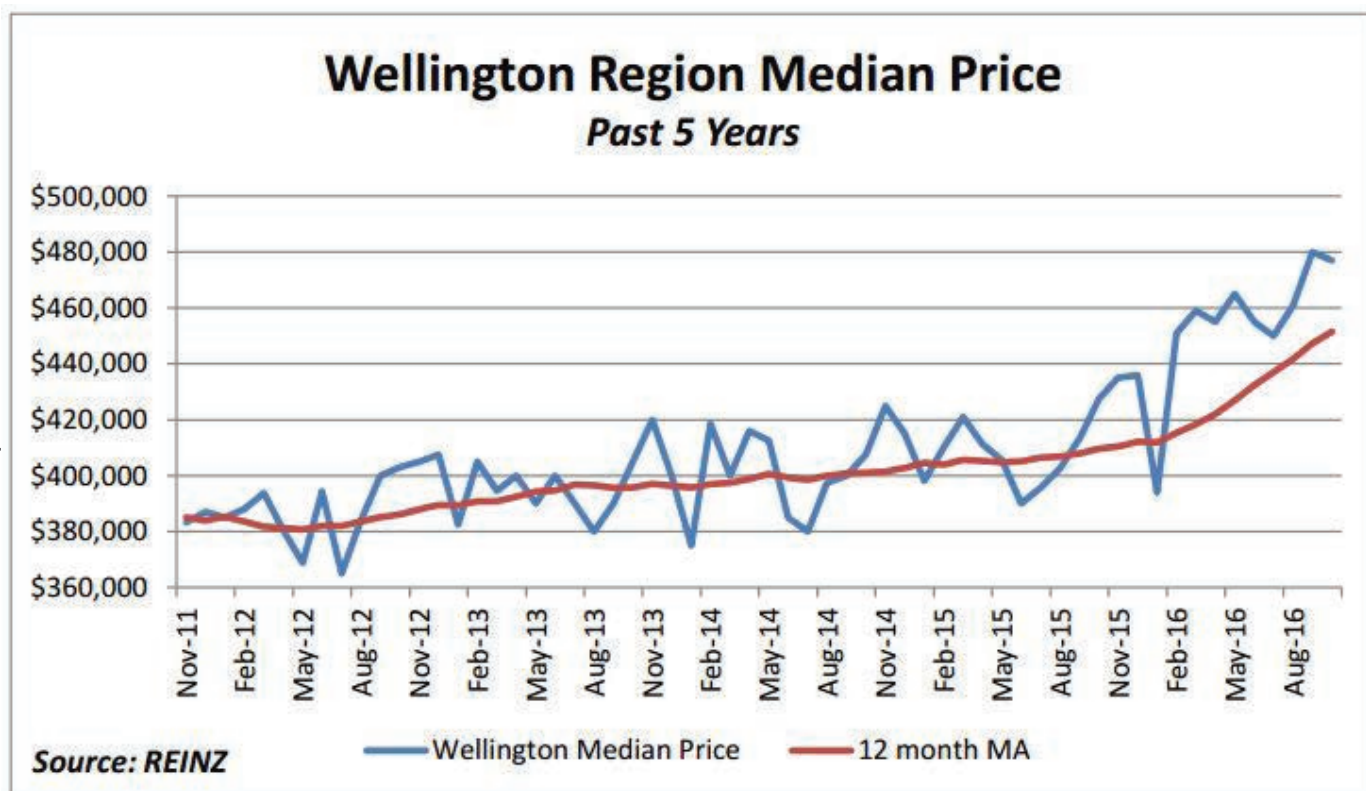
The rental market had its share of attention. The government passed laws requiring all rental properties to have smoke alarms and insulation. Methamphetamine contamination required some rental homes to be demolished and others to be relined. The testing standards have been revised and there is a call for a national register of offenders.

The rental market has been very tight in the last quarter, with a shortage of supply in almost every category. Rents are increasing and tenants are paying record rents for new and very tidy homes.

2016 was a 'once in 35 year' property phenomenon and will be remembered for the 'property boom'.



REINZ Wellington Region Analysis for October 2016



The median price for the Wellington region rose \$49,500 (+12%) compared to October 2015. Prices rose 31% in Southern Wellington, 30% in Eastern Wellington and 17% in Northern Wellington. Compared to September the median price fell \$3,000 (-1%), with prices rising 14% in Eastern Wellington, 8% in Northern Wellington and 1% in Hutt Valley. On a seasonally adjusted basis the median price fell 2%.

The trend in the median price is now improving, although the volume trend is now steady. The days to sell trend continues to rise with the overall trend for the Wellington region still improving.

THINKING OF SELLING? CALL ME TODAY

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2 Flint Way, Northland

RV \$560,000 | Over \$200,000 above RV

I'm Sold

2a West Rd, Northland

RV \$580,000 | Over \$240,000 above RV



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