

800 PROFESSIONALS SALES IN LOWER HUTT FOR 2016. MANY CHOICES. ONE STAR.



PROFESSIONALLY SPEAKING MAY EDITION

Rent Prices Up

Across the entire country the median rent for new tenancies completed in March was \$400 a week, up by \$20, or 5.3%, a week compared to March 2016.

| | Median Weekly Rent \$ | | | Number of Bonds | | |
|------------------|-----------------------|------------|------------|-----------------|---------------|---------------|
| | MAR-15 | MAR-16 | MAR-17 | MAR-15 | MAR-16 | MAR-17 |
| Rodney | 440 | 440 | 500 | 149 | 194 | 256 |
| Waitakere | 430 | 430 | 480 | 410 | 475 | 481 |
| North Shore | 500 | 500 | 545 | 642 | 694 | 721 |
| Central Auckland | 450 | 450 | 490 | 2192 | 2192 | 2472 |
| Manukau | 440 | 440 | 500 | 635 | 641 | 837 |
| Papakura | 422 | 422 | 470 | 116 | 141 | 173 |
| Franklin | 380 | 380 | 450 | 111 | 120 | 125 |
| Hamilton | 320 | 320 | 380 | 823 | 937 | 968 |
| Rotorua | 260 | 260 | 300 | 204 | 195 | 216 |
| Tauranga | 370 | 370 | 450 | 385 | 348 | 360 |
| Napier | 310 | 310 | 360 | 181 | 142 | 121 |
| New Plymouth | 325 | 325 | 350 | 140 | 241 | 167 |
| Palmerston North | 260 | 260 | 280 | 333 | 317 | 348 |
| Kapiti | 340 | 340 | 385 | 119 | 93 | 127 |
| Porirua | 357 | 357 | 350 | 98 | 85 | 82 |
| Upper Hutt | 285 | 285 | 395 | 122 | 76 | 93 |
| Lower Hutt | 330 | 330 | 380 | 262 | 266 | 255 |
| Wellington City | 450 | 450 | 480 | 1777 | 1884 | 1894 |
| Christchurch | 400 | 400 | 380 | 1488 | 1581 | 1931 |
| Timaru | 285 | 285 | 297 | 62 | 79 | 76 |
| Queenstown-lakes | 435 | 435 | 550 | 128 | 142 | 141 |
| Dunedin | 270 | 270 | 295 | 742 | 672 | 831 |
| ALL NZ | 360 | 360 | 400 | 13,818 | 14,189 | 15,379 |

But rent increases were considerably higher in much of the upper North Island and Wellington and more modest in the rest of the country, with median rents in Christchurch continuing to decline.

The table above shows the median rents in the month of March for the last three years in main centres around the country, with sharp jumps recorded over the last 12 months in many places.

Wellington rents were also up substantially, with the median rent in March increasing by between \$30 a week in Wellington City to \$45 a week in Upper Hutt.

In Wellington City the median rents for three bedrooms houses has risen steadily since May last year, peaking at \$572 a week in February this year then dropping back by just \$2 a week to \$570 in March.

The sharp increase in rents in many parts of the country also corresponds with a jump in new letting activity.

Tenancy Services received 15,379 tenancy bonds from around the country in March this year, up 8.3% compared to March last year and up 11.3% compared to March 2015.

That reflects an increase in demand for rental properties as more people are priced out of home ownership by high housing prices and the growing demand for rental housing as a result of increasing levels of net inward migration.

On the supply side, the surge in investor activity that has been evident for the last several years has seen an increase in the supply of rental properties as investors have taken an increasing share of the market from owner-occupiers.

However that fact that rents are continuing to increase so sharply when the supply of rental properties is also increasing suggests that supply is still falling well short of demand.



Reserve Bank figures show investors' borrowing levels down



The retreat of housing investors - certainly those wanting/ needing to borrow money - is continuing in earnest, but first home buyers in particular are taking up some of the slack.

According to the latest lending by borrower type figures from the RBNZ, housing investors borrowed some \$740 million less (31.9% less) in March 2017 compared with the same month a year ago.

This continues the trend seen since the Reserve Bank introduced new rules regarding minimum deposits of 40% for investors. The rules officially came into operation at the start of October 2016, but were in effect applied by the banks from July when the RBNZ announced them.

The latest RBNZ figures show that banks loaned \$5.985 billion of mortgage money in March, which is down \$587 million, or 8.9% on the amount borrowed in the same month a year ago.

Investors accounted for 26.4% of the total borrowed, which is around the level that has been seen since the new rules were announced in July. Before that investors were borrowing around 38% of the total on a monthly basis.

Interestingly of course, the latest figures mean that the drop

in borrowing by investors in March was much bigger than the overall drop when compared with March a year ago.

That's because borrowing by first home buyers and by owner occupiers was actually up compared with a year ago.

In March owner occupiers borrowed \$3.499 billion, which was up \$91 million, or 2.7% on the same month in 2016.

The amount borrowed by first home buyers, at \$818 million, was up some \$65 million, or 8.6% on March last year.

The continuation of the subdued borrowing by investors will again reassure the Reserve Bank as it strives to take heat out of the housing market and strengthen the loan books of the banks.

The March figures are significant, catching what is typically the peak house buying season.

A year ago when the RBNZ was trying its short-lived Auckland-centric loan restrictions (implemented in October 2015) the borrowing patterns and housing market had already shrugged off the restrictions by March and were roaring ahead again.

For now the 40% restrictions are still seemingly having an impact - although the banks have also admitted to more restrictive lending policies recently and 'credit rationing'.

And these figures of course only capture those investors who are borrowing to buy.

Data produced by CoreLogic has shown that 'cash investors' have remained active in the market.

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