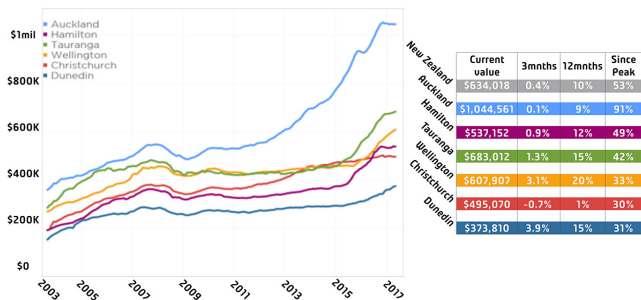




## PROFESSIONALLY SPEAKING JULY EDITION

### Wellington Housing Overview



According to the latest QV house price index, Auckland values have continued to gradually slide, as have Christchurch.

Hamilton values have now been more or less flat for several months, having recovered from a dip earlier in the year.

Tauranga's rate of value growth has slowed dramatically, Wellington a little less so, while Dunedin is just starting to show

the first signs of slowing.

Buyer demand in Wellington went from strength to strength throughout last winter.

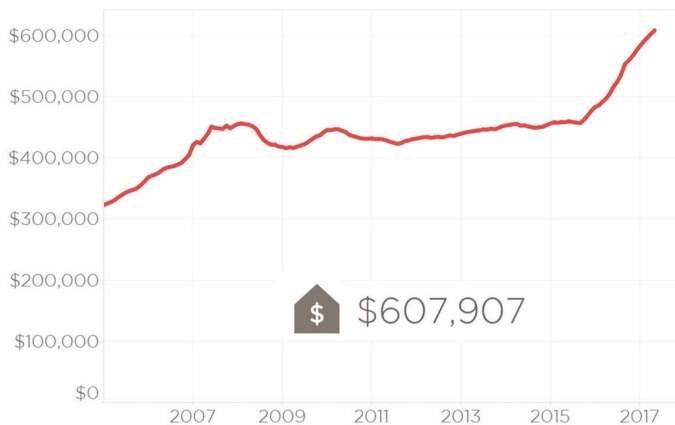
This year things are very different with a large drop in buyer demand since March.

It is now below the same time last year, but given how strong the last twelve months have been, the current market is going to seem very quiet with far fewer active buyers out there.

There has been a rebound in the share of sales to investors in Q2 of this year.

First home buyers have dropped but are still at their highest level for many years.

- Core Logic



	Current Value	3 months	12 months	Since Peak
Porirua	\$509,433	2.2%	23%	33%
Upper Hutt	\$449,970	2.8%	25%	28%
Lower Hutt	\$505,602	3.4%	24%	29%
Wellington City	\$727,119	2.4%	19%	37%

Graph above on left = Average Value of Housing Stock - Wellington

Graph above on right = Annual and Quarterly Value Change - Wellington

Looking at the annual change in values in Wellington gives a false picture of what is actually going on.

The rate of value growth in Wellington has fallen from around 7% per quarter last year to around 3%.

Porirua and the Hutt Valley had been holding up better than Wellington City but they too are now slowing.



## 6 easy to spot signs that a suburb is about to climb in property value



As a property investor, the most ideal time to buy a rental home is right before a suburb has a growth in popularity, and as a result of that, an increase in property values. This means that you're not only getting a good price, your ROI will also be well worth it - through both rental income and down the track when you decide to sell.

So how can you be one step ahead of other buyers, by spotting a neighbourhood that is about to become a hot marketplace? Check out these 6 signs below.

### 1. How many auctions are there?

Real estate agents tend to favour auctions when there is a good chance of potential buyers bidding against each other to increase the final sale price, so there needs to be a solid demand for properties in order for this to work. Find out what the clearance rates are for auctions too - if they are increasing then it could be a sign to look a bit further into the suburb.

### 2. What is the average DOM (days on market)?

Here you want to see the average DOM falling, as the quicker houses are selling, the more likely it is that the neighbourhood is experiencing growth and an increase in interest. See if you are also able to find out from a local real estate agent who is actually buying - is it mainly owner-occupiers, or investors, or both?

### 3. Is anyone discounting?

If a vendor has to reduce their asking price, it may have something to do with their individual property, but if lots of homeowners are having to do it, then it is a definite warning sign. Make sure you check out whether discounting has been happening in the suburbs you are looking in - however if there is only evidence of people getting their asking price, and more, you could be onto something good.

### 4. A rise in yields

Because people who rent are more agile to move in the marketplace, they are usually the first sign of a neighbourhood becoming popular, and once momentum gains, demand is placed on available properties - pushing up weekly rates.

All of this is a precursor to strong capital growth. Why? Because investors will see this activity and move into the market attracted by high yields, and finally owner-occupiers will too - increasing competition to buy, and a surge in property values.

### 5. Check out the vacancy rate

An average vacancy rate for rental properties is around 3 per cent (in most typical suburbs), so anything below this means the demand is high, and availability of accommodation is low.

If there are not enough houses or apartments for people wanting to rent, then this will obviously push prices up and increase returns for investors. So anywhere you see a falling vacancy rate is a potential sign of a suburb that is about to see solid growth.

### 6. What are stock levels like?

If a neighbourhood has minimal properties on the market, then this is probably a good area to look into further for a suitable investment opportunity.

When stock is falling, it means homeowners aren't looking to offload their houses, and anything that does come onto the market is usually snapped up very quickly.

This is a clear sign of growth, due to a well established neighbourhood in which people want to reside long term - and the result of this will create competition between those who want to live there, and those who wish to buy there.

