



BUYING AND SELLING IN A BOOM | NOVEMBER EDITION

New research indicates 484,000 people plan to get involved in the housing market in the next 12 months - with most would-be buyers

Nearly half a million New Zealanders are planning to be involved in the housing market during the next 12 months, according to new research from Nielsen NZ.

Nielsen NZ research director Tony Boyte said 484,000 people are planning to purchase, sell the property they live in, or sell another property (e.g. investment/holiday home) within the next 12 months.

"Most people in the New Zealand property market are buyers (95%), with a high proportion of this group (38%) being first time home buyers. Over three quarters of market buyers are looking to purchase their primary residence (77%). Seventeen percent are buying for investment purposes – down from 19% in 2015," Boyte said.

The online survey was conducted between August 2 and August 14, 2016, and polled 1200 New Zealanders researching property. The total sample size has a margin of error +/- 2.9%.

The survey's findings come out just before the October 1 official introduction of new LVR restrictions targeting investors. While the restrictions haven't officially taken effect, banks have been effectively applying the new rules virtually from when they were first announced on July 19.

Reserve Bank Governor Graeme Wheeler said last week he was seeing initial signs that its new Loan to Value Ratio (LVR) controls on landlords announced in mid-July, along with tighter lending criteria and a lack of pass-through of previous

MAIN PURPOSE OF PROPERTY PURCHASE



OCR cuts by banks, was moderating the housing market.

New Reserve Bank figures for August released this week showed definite signs of a slowdown from investors, but also indicated that first home buyers were somewhat resurgent, suggesting that other buyers may be more than willing to take up the slack from the investors.

Nielsen NZ's Boyte said that with interest rates currently at an all time low, continued migration increases and a housing shortage (especially in Auckland); the demand for property was still pushing up house prices, albeit at a more measured pace.

"Buyers expect to pay an average of \$524,671 for a property; the expected price has increased by 3% compared to last year," he said.

He said more than one in two property buyers do not currently have a mortgage.

"Of those who do have a mortgage, ANZ bank is the most popular holding a 15% share of the market.

"There's an opportunity for those involved in the home loans market to attract those buyers looking for a mortgage and also those not entirely satisfied with their current provider - 12% of people in the property market say they are likely to change mortgage provider in the next 12 months."



REINZ Wellington Region Analysis for September 2016

WELLINGTON REGION TRENDS	MEDIAN PRICE			VOLUME SOLD		
	SEP 16	AUG 16	SEP 15	SEP 16	AUG 16	SEP 15
HUTT VALLEY	\$418,500	\$425,000	\$393,500	168	169	150
NORTHERN WELLINGTON	\$566,000	\$600,750	\$580,500	93	78	59
CENTRAL WELLINGTON	\$510,000	\$523,250	\$490,000	89	80	64
EASTERN WELLINGTON	\$695,000	\$750,000	\$674,750	51	39	30
WESTERN WELLINGTON	\$730,750	\$683,000	\$650,000	40	30	36
SOUTHERN WELLINGTON	\$730,000	\$629,000	\$572,500	29	38	40

The median price for the Wellington region rose \$66,625 (+16%) compared to September 2015 to a new record high. Prices rose 32% in Upper Hutt, 28% in Southern Wellington and 12% in Western Wellington. Compared to August the median price increased \$19,000 (+4%), with prices rising 16% in Southern Wellington, 13% in Pukerua Bay/Tawa and 8% in Upper Hutt. On a seasonally adjusted basis the median price rose 2%.

Compared to September 2015 sales volumes rose 13% across the region with sales rising 70% in Eastern Wellington, 58% in Northern Wellington and 40% in Central Wellington. Compared to August sales volumes rose 6%, with sales rising 33% in Western Wellington, 31% in Eastern Wellington and 19% in Northern Wellington. On a seasonally adjusted basis sales rose 2% compared to August indicating that the rise in sales was stronger than normal.

The number of days to sell eased by two days in September, from 24 days in August to 26 days in

September. Compared to September 2015 the number of days to sell improved by six days. Over the past 10 years the median number of days to sell across the region in September has averaged 35 days. The Wellington region has the lowest level of properties available, with under seven weeks supply available.

REINZ Regional Director Euon Murrell says: "The number of auctions in Wellington increased 235% compared to September 2015, albeit off a small base, while they fell by 4% across the rest of New Zealand. This, combined with the shortage of listings on the market, is leading to premium prices being achieved."

Graph Commentary

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.

2a West Road, Northland



- 35 families through
- 4 offers received
- Sold in 15 days!
- Sold for more than \$200,000 over RV

222a Karori Road, Karori



- 40 families through
- 3 offers received
- Sold in 15 days!
- Sold for more than \$350,000 over RV

