

Property BULLETIN

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Haere Mai and welcome to the August edition of the Property Bulletin. August means spring is just around the corner which historically brings an increase in properties coming onto the market for sale. This will be welcomed by buyers given the extraordinarily low level of listings over the winter months – the lowest in many years.

This month we are continuing our reporting on asbestos in NZ homes. In most cases the risk is negligible provided a few simple measures are taken.

Regards

Malc and the Team
Leaders MREINZ



Regions on the Rise

Sources: REINZ stats

8,121 dwellings sold in New Zealand in July 2015, up 37.8% on July 2014 and 9.4% on June 2015

A national median price of \$465,000, up \$49,000 (11.8%) on July 2014 and \$15,000 (3.3%) on June 2015

The national median price (excluding Auckland) up \$19,920 (6.0%) to \$352,000 compared to July 2014 and \$12,000 on June 2015

A rise of 21% in Auckland's median price from July 2014 to July 2015 – from \$610,000 to \$735,000 – although a fall of \$20,000 (-2.65%) compared to June 2015

The highest level of July sales across New Zealand since 2005, and since 2003 for Northland, Auckland and Waikato/Bay of Plenty

A 130% rise in the number of sales over \$1 million between July 2014 and July 2015 – from 395 to 909

Dwellings Percentage Difference Over 12 Months

District	Jul 2014	Jul 2015	% Increase
Northland	\$279,500	\$325,000	16.28
Auckland	\$610,000	\$735,000	20.49
Waikato/BOP	\$330,000	\$357,250	8.26
Hawkes Bay	\$267,250	\$292,000	9.26
Manawatu/Wanganui	\$220,000	\$229,500	4.32
Taranaki	\$310,000	\$294,500	-5.00
Wellington	\$380,000	\$395,750	4.14
Nelson/Marlborough	\$355,000	\$375,000	5.63
Canterbury/Westland	\$400,000	\$415,000	3.75
Central Otago Lakes	\$450,000	\$500,000	11.11
Otago	\$244,000	\$267,000	9.43
Southland	\$172,000	\$197,750	14.97
New Zealand Total	\$416,000	\$465,000	11.78

Sources: REINZ stats

Will these variances in house price growth cause other issues to arise in NZ?

Considering most people's major asset is the equity in their home, continued variances in price growth as above will, I believe, cause people to consider shifting to a cheaper locale. Owning a median value freehold home in Auckland at \$735,000 and selling with a view to move to the Hawkes Bay and buy at the same relative price, would allow you to bank 60% of your Auckland sales proceeds (without considering buying a smaller home if you are retiring with no dependants). With council rates in Auckland rising at a faster level than most other places and the reality of people in Auckland retiring with a mortgage still to pay this will undoubtedly happen. Climate and lifestyle are important considerations in retirement as is access to social services. Professionals such as teachers and nurses and those on a limited income or with a residual student loan, may consider moving out of Auckland to achieve a better standard of living. The Government will then need to build more social service infrastructure and hospitals in popular areas to cope which may take a bit of the heat out of the housing market in Auckland.

Wellington Medians and Numbers Sold

Sources: REINZ stats

	Jul 2011			Jul 2012			Jul 2013			Jul 2014			Jul 2015		
	Median	No.	Days	Median	No.	Days	Median	No.	Days	Median	No.	Days	Median	No.	Days
Wairarapa	\$238,000	48	70	\$230,000	64	84	\$257,500	67	69	\$215,000	65	71	\$267,000	61	54
Upper Hutt	\$304,000	51	36	\$330,000	63	52	\$330,000	55	45	\$324,250	70	41	\$374,000	79	48
Hutt Valley	\$332,500	90	44	\$330,000	127	41	\$317,750	102	41	\$315,750	100	42	\$379,168	146	43
Otaki / Paekakariki	\$336,000	86	58	\$324,000	84	44	\$362,500	94	49	\$345,000	89	50	\$348,000	93	45
Pukerua Bay / Tawa	\$320,000	70	46	\$373,500	72	44	\$399,500	74	38	\$411,685	78	48	\$421,000	79	49
Northern Wellington	\$445,000	62	42	\$455,000	63	28	\$461,000	76	42	\$427,000	43	29	\$488,500	70	38
Western Wellington	\$606,000	33	43	\$507,000	25	59	\$620,644	33	24	\$550,000	28	31	\$580,000	31	33
Southern Wellington	\$515,000	25	36	\$500,000	33	28	\$553,556	34	25	\$497,500	34	33	\$495,000	30	51
Eastern Wellington	\$492,000	17	21	\$551,250	36	26	\$475,000	29	37	\$560,000	39	24	\$516,000	33	26
Central Wellington	\$455,000	39	36	\$418,000	46	47	\$390,000	49	82	\$410,000	75	95	\$410,000	75	53
Wellington	\$365,000	521	45	\$365,000	613	43	\$390,000	613	43	\$380,000	621	46	\$395,750	697	44

Where could asbestos be lurking in your home?

Following on from my article in last month's Property Bulletin about the new asbestos regulations in the proposed Health and Safety Reform Bill, asbestos in a home is primarily located within three main product groups:

Vinyl Flooring Products. Often overlooked, vinyl floors commonly contained asbestos. Up until the early 1990's vinyl with asbestos present in the backing material was still being imported into NZ. If vinyl is laid it represents little or no risk but when you remove it and/or sand the floor after removal, asbestos can become airborne and harmful. Consult a flooring professional when completing this task or if unsure get a sample tested. This is an activity that is traditionally overlooked as being hazardous by the homeowner and is often completed by the owner ripping in to it without thought. The process of lifting flooring is neither hard nor costly, and the idea of polished floors sounds great to many! Please be careful.

Sprayed-on Textured Ceilings. Asbestos was used in textured ceilings during the 1970's through to the early 1980's when it was phased out. The products used were sometimes called Glamatex or Whisper and were a popular alternative to jib stopping and painting. Its popularity stemmed from its cost, its attractive maintenance-free finish, and its ability to cover imperfections. In textured ceilings, asbestos exists in concentrations of between 1-5%. Asbestos was predominately used as a binding agent in these products to bind together materials and glue-like substances in the coating, and is therefore not easily released into the environment. Unless flaking or powdering on surfaces occurs it presents a low level of risk if left alone. Sometimes if flaking

is occurring the ceiling can be painted and sealed with PVA paint but preferably it should be removed. These ceilings though are of concern to people when buying a house. When there is the possibility of asbestos present in a house for sale, there are three main issues that commonly pop up: (1) the lack of knowledge with buyers and sellers about asbestos; (2) the paucity of information (i.e. no test done) when the possibility of asbestos is disclosed during a sale process; and (3) if identified and present, a suitable process and cost of removal for any potential buyer.

Asbestos Cement Products. This is by far the most common form of asbestos present in NZ homes, often found in fibrolite eaves, gables, cladding, downpipes, sheds, and corrugated asbestos or super six roofing – a common product in commercial buildings and houses. These contain fibres of asbestos in varying concentrations and are not readily released unless they are disturbed; usually by sawing, breaking, drilling or cutting. Keeping this asbestos cement product in a good serviceable condition is best practice, and removing lichen if present via appropriate spraying. Painting the product further reduces any potential release of asbestos fibres and also extends the life of the material.

Summary: My overriding point in this article is to be cautious when dealing with houses built before the 1980's. Specifically with vinyl flooring the date extends to the early 1990's. Don't rip in to your house without assessing the risks in relation to asbestos. If in doubt, obtain professional advice or have the product sampled and tested for the presence of asbestos. It is well worth the small cost for peace of mind for you and your family.

Number of Wellington Listings on Trade Me Dives

3 March 2015 – 1215 listings on Trade Me
30 June 2015 – 815 listings on Trade Me
16 July 2015 – 779 listings on Trade Me
19 August 2015 – 698 listings on Trade Me

The number of homes for sale in the Wellington region on Trade Me is drastically reducing.

With the prospect of lower interest rates on the way this will further fuel demand, no doubt impacting on prices and relative seasonal supply.

With the onset of spring we traditionally see more houses coming onto the market, so it will be interesting to see what happens this year. Given the paucity of appraisals we are doing at present indicates that indeed there may not be a spring supply expansion. Only time will tell.

Since the election we have seen sustained interest back into the property market with the equilibrium clearly shifting to a sellers' market.

We are seeing a growth in interest in the apartment market with investors short of stock and chasing yields they can't get from suburban housing. Part of this reduction in stock I believe is also a product of a more informed and more efficient market now operating. With the advent of the internet, information about the market, available stock for sale and sales data being readily available, this develops a much more efficient market. We may never go back to the high stock levels we have sometimes seen as the market may more efficiently adjust to changes in demand and supply as it moves through the property cycle.

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Are you interested in receiving our newsletter or house sales information on a monthly basis of your local area? We produce sales stats of Postcode 6021, 6022 and 6023 on a monthly basis and is available to clients by email. Email Kirsty@malcolmmorris.co.nz or phone (04)3900132 to receive just good content. Your privacy will be respected and I confirm your email address and details will not be passed to any third party or people trying to sell you things!

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