

Property BULLETIN

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Regional Markets Move Ahead as Auckland Marks Time

8,048 dwellings sold in New Zealand in November 2015, up 8.5% on November 2014 and up 2.7% on October 2015

National median price of \$459,500, up \$3,750 (+0.8%) on November 2014 but down on October 2015

A new record national median price excluding Auckland of \$375,000 (+4.2%) compared to November 2014 and up 1.4% on October 2015

New record median prices also for Waikato/Bay of Plenty and Wellington

A rise of \$95,000 (+14.2%) in Auckland's median price, from November 2014 to November 2015 – from \$670,000 to \$765,000; and a rise \$16,750 (+2.2%) compared to October 2015

A 21% rise nationwide in the number of sales over \$1 million between November 2014 and November 2015 – from 688 to 833

20,126 dwellings sold by auction in the 12 months to November 2015, representing 22.3% of all sales, an increase of 49% in the number of sold by auction in the 12 months to November 2014

Sources: REINZ stats

Welcome to the December edition of our Property Bulletin. We wish all of you a Merry Christmas and all the best for the New Year.

Give me a call to discuss any of your real estate requirements and how I can help you generate the maximum amount of money being put in your pocket when selling your home. I am around throughout the Christmas break if you need to talk real estate.

Regards

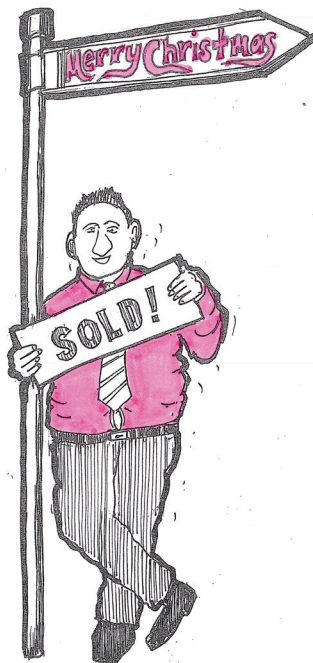
Malc and the Team
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The Auckland market continues to be challenged by lack of supply which is evident in the low number of sales for November and an increase in the median price. Other influences affecting the market are the new IRD requirements, bank account changes and revised LVR restrictions. This has slowed

down some purchase decisions while the implications of the new rules are absorbed, with a fall off in auction clearances the most prominent outworking of this. The situation is expected to revert as the market adjusts to the new operating environment and restrictions.

Some, but not all, regions across the rest of the country are experiencing strong growth in sales volumes and prices, with Northland, Waikato/Bay of Plenty, Wellington, Otago and Central Otago Lakes all experiencing either or both effects. Demand is being driven by low interest rates and the relaxation of the LVR rules for these regions. Increase in listings is also improving choice for buyers.

Eight regions recorded increased sales volumes compared to October, with Wellington volumes growing 15%, followed by Southland with 14% and Taranaki with 12%. Compared to November 2014, all regions apart from Auckland recorded increases in sales volumes. Northland recorded the largest increase of 68%, followed by Central Otago Lakes with 42% and Southland with 40%.



More special housing areas for Wellington

Building and Housing Minister Dr Nick Smith and Wellington Mayor Celia Wade-Brown have recently announced three new Special Housing Areas (SHA) across Wellington. The new SHAs cover around eight hectares of currently underused land in Shelly Bay, 0.18 hectares of land in Glanmire Road, Newlands and 0.63 hectares in Mein Street, Newtown. Together with the existing Shelly Bay SHA, this will provide more than 330 new homes. Currently there are 24 SHAs in Wellington, with a total combined capacity of around 2,750 houses.

The new Shelly Bay SHA doubles the size of the SHA site established in July 2015. The number of houses in this SHA rises from 150 to

300 houses, with a mix of both residential and commercial. The Shelly Bay development will now include the wharf, which may allow for its redevelopment for ferry services to Wellington's CBD in the future.

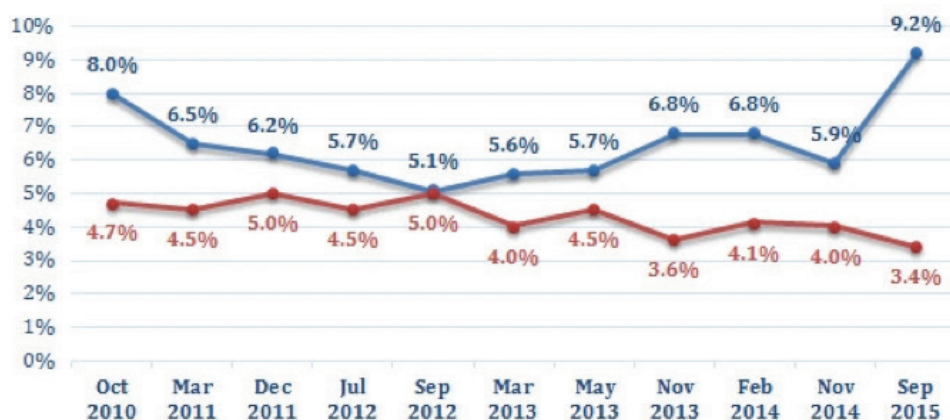
The Special Housing Areas have been recommended by Wellington City Council and approved by Cabinet. Applications for subdivisions will then be considered by Council under the fast-tracked mechanisms in the legislation, which requires approvals within six months for greenfield developments, compared to the current average of three years, and three months for brownfield developments, compared to the current average of one year.

Penny for your thoughts!

With the Wellington stock of houses for sale currently sitting at around 720 on Trade Me (it was 1320 on 1st December 2014), I came across the below graph and research from Horizon Poll which demonstrates that the situation could possibly get worse. It is estimated that nationally we are short

could potentially end up have an undersupply of 15,500 houses. With no real large tracts of land in Wellington on which to build new housing, physical supply is slow to increase. Rising house prices may dampen demand, but speaking to accountants and financial advisors, supply may be getting slower in its

Definite buying and selling intentions



Source: Horizon Poll and Property Press

of around 91,000 houses which is a significant increase on the 29,900 reported in November 2014 from supply matching demand. The graph above clearly indicates the gap between the "definite intention to buy over the next 12 months" and the "definite intention to sell in the next 12 months" is growing and diverging.

In Wellington "intention to buy" has increased from 8.7% in September 2014 to 10.2% in September 2015. "The interest to sell" has conversely reduced from 3.9% in November 2014 to 1.9% in September 2015. Wellington

response to rising prices. The introduction of the new bright line test, tighter taxation scrutiny on sellers and depreciation changes have had big effects on peoples desires to sell. There is a paucity of alternative investment options available so "why bother selling can be heard?" The renewed interest in residential property may also be a feature of the changing world we live in with a lot of "purported" certainty or bullet proof investment options disappearing over time and as society advances..... but we still need and always will require a place to live.

Residential Tenancies Amendment Bill Passes 1st Reading

A Bill that will introduce requirements for insulation and smoke alarms in properties covered by the Residential Tenancies Act 1986 has passed its first reading. Properties maintained by social housing providers will have to meet the new insulation requirements by 1 July 2016, with remaining tenancies to follow by 1 July 2019. There will be exemptions where it is not practical to do so. All residential rental properties will have to have smoke alarms installed from 1 July 2016. It is proposed that these smoke alarms will have to be photoelectric or hardwired. Regulations will be made in respect of both insulation and smoke alarms.

In addition, there are several other changes proposed in the Bill that will allow for better resolution of tenancy abandonment cases in up to 10 working days. Other changes include an increase in fines for certain unlawful acts of both the tenant and the landlord, requirements to keep certain records for up to 7 years and provisions that aim to protect tenants from unlawful acts by a landlord (or property manager). Should you wish make a submission, the Select Committee is seeking submissions on the Bill until 27 January 2016.

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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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