

Property BULLETIN

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Auckland Buyers Spreading Into The Regions

Sources: REINZ stats

7,426 dwellings sold in New Zealand in June 2015, up 29.2% on June 2014 and down 7% on May 2015

A national median price of \$450,000, up \$23,000 (5.4%) on June 2014 and down \$10,000 (2.2%) on May 2015

The national median price, excluding Auckland, was steady at \$340,000 compared to June 2014, reflecting a decline of \$9,000 compared to May 2015

A rise of 26% in Auckland's median price, from \$600,000 in June 2014 to \$755,000 in June 2015

Eight regions, including Auckland, with sales volume growth of more than 20% compared to June 2014

A 106% rise in the number of sales over \$1 million between June 2014 and June 2015 – from 404 to 835

Haere Mai and welcome the latest edition of the Property Bulletin. We are getting lots of positive feedback about this newsletter and people are telling us that they are enjoying the variety of property-related content, so thank you. If there is a topic you'd like to see discussed in here just let us know and we'll do our best to cover it. In this edition, and the next, we are concentrating on asbestos in NZ properties and the implications for both buyers and sellers.

Regards

Malc and the Team
Leaders MREINZ

Auckland continues to dominate the market. There is increasing evidence that Aucklanders are looking out of the region for properties, both as owner-occupiers and for investment properties. Regions such as Northland and Waikato/Bay of Plenty have recorded a significant drop in the volume of properties for sale over the past six months, with Aucklanders increasingly being identified as a significant buying group in these regions. Further afield, there is increasing evidence that Aucklanders are making up a larger portion of total buyers.

Sales volumes

Four regions recorded increased sales volumes compared to May, with Northland volumes growing 15%, followed by Manawatu/Wanganui with 7% and Waikato/Bay of Plenty with 4%. Compared to June 2014, all regions recorded increases in sales volume, with Waikato/Bay of Plenty recording the largest of 74%, followed by Northland with 61% and Manawatu/Wanganui with 52%. Auckland may be dominating the but indications are that sales volumes are stronger outside of Auckland.

(Seasonally Adjusted Sales Volumes table)

Seasonally Adjusted Sales Volumes				
	Compared to May		Compared to June 2014	
	Volume Change	Seasonally Adjusted Change	Volume Change	Seasonally Adjusted Change
New Zealand	-7.0%	-0.1%	28.9%	24.4%
Auckland	-10.9%	-3.9%	20.6%	18.8%
Wellington	-8.8%	-0.4%	23.8%	17.2%
Canterbury	-12.8%	-4.2%	7.4%	0.0%
Waikato/BOP	4.0%	7.0%	67.5%	59.9%
NZ ex Aki	-4.5%	2.2%	34.5%	28.3%

Prices

Again, Auckland recorded the largest percentage increase (26%) in median price compared to June 2014, followed by Southland at 24% and Central Otago Lakes at 11%. Both Manawatu/Wanganui and Canterbury/Westland recorded the largest percentage increase (5%) in median price compared to May, followed by Taranaki with 3%.

(Seasonally Adjusted Median Prices table)

	Compared to May		Compared to June 2014	
	Median Change	Seasonally Adjusted Change	Median Change	Seasonally Adjusted Change
New	-2.2%	-0.9%	5.4%	5.6%
Auckland	0.8%	3.0%	25.8%	24.8%
Wellington	-3.8%	-2.0%	1.3%	1.0%
Canterbury	4.5%	5.8%	2.2%	2.8%
Waikato/BO	-0.9%	-0.8%	3.2%	3.8%

The number of houses selling in the \$1 million plus category is still holding up at more than double that of June 2014. Across New Zealand the total value of residential sales, including sections, was \$4.391 billion in June, compared to \$4.845 billion in May and \$3.082 billion in June 2014 – an increase over the past year of 41%.

EXCELLENCE IN REAL ESTATE MARKETING

Wellington

Regional Roundup

The median price for the Wellington region rose \$5,000 (+1%) compared to June 2014, with prices rising by 21% in Southern Wellington, by 18% in Pukerua Bay/Tawa and by 10% in Upper Hutt. Compared to May 2015 the median price fell \$15,550 (-4%) with prices falling 19% in Central Wellington and 5% in Eastern Wellington.

Compared to June 2014 sales volumes rose 24% across the region, with sales up 75% in Upper Hutt, 52% in Hutt Valley and 41% in Western Wellington. Compared to May 2015 sales volumes fell 9%, with sales rising 55% in Western Wellington, but falling 51% in Southern Wellington, 18% in Eastern Wellington and 15% in Northern Wellington.

Wellington Region Trends			Price ↕	Volumes ↗	Days to Sell ↓	Overall →
Median Price			Volume Sold			
	Jun-15	May-15	Jun-14	Jun-15	May-15	Jun-14
Upper Hutt	\$335,000	\$330,850	\$305,000	70	64	40
Hutt Valley	\$356,750	\$347,650	\$360,000	150	156	99
Northern Wellington	\$480,000	\$480,000	\$459,000	65	76	64
Central Wellington	\$395,000	\$488,500	\$452,000	59	60	54
Eastern Wellington	\$525,000	\$550,000	\$510,000	33	40	41
Western Wellington	\$572,000	\$575,000	\$575,000	45	29	32
Southern Wellington	\$564,500	\$550,000	\$464,250	30	61	26
Pukerua Bay / Tawa	\$425,000	\$438,500	\$361,000	79	85	63
Wellington	\$390,000	\$405,550	\$385,000	697	764	563

With the winter months now upon us we are starting to see the usual decline in sales in the region. The seasonal effect with regard to listings coming to the market seems to be more marked than in previous years.

The trend in the median price continues to ease, although the volume trend is now improving. The days to sell trend continues to fall, with the overall trend for the Wellington region now steady.

Health and Safety Reform Bill on its way!!!!!!!

In 2013 the Government released its "Working Safer Reform Package". The overall aim "was to reduce the workplace and injury toll by 25% by 2020". Approximately 73 people die on the job per annum, 1 in 10 of us is harmed at work, and 600-900 die from work-related diseases. This all comes at a significant cost to the economy of \$3.5 billion per annum. One life lost is too many and recent work-related tragedies such as Pike River and regular accidents reported in the timber industry have highlighted the need for reform. Part of the reform package is the new Health and Safety Reform Bill which is currently going through the consultation submission and draft phase with the Government hoping for it to be fully operational as law by November 2015. There have been massive changes already around health and safety in NZ, clearly demonstrated when you walk past a building site or roadworks, but we can never be too careful. The guts of the proposals have come from Australia where new regulations have contributed to a significant reduction in work-related injury and death. They are a great model to copy with a lot of experience in a wide variety of industries.

To date the drafts have been largely supported by the construction industry and others involved.

Part of this reform package is **New Asbestos Regulations**. Asbestos and asbestos related products are still present in a large number of New Zealand homes. (I will be covering this issue in next month's newsletter.)

The proposed new regulations will focus on rules around the identification, removal and disposal of asbestos which will ultimately significantly increase the cost of removal for those who own property with asbestos present.

In a quick summary the new regulations will cover:

- A licensing system for asbestos removal and asbestos assessors and impose notification requirements for such work, including notifying Work Safe New Zealand;
- Tighter controls on-site, and of management plans, registers, and the monitoring of the health of licensed asbestos workers;
- More regulations regarding the process of removal, transport and disposal of asbestos;
- The imposition of a general duty on the PCBU (person conducting a business or undertaking) in their obligations to manage and control a workplace environment to eliminate exposure to airborne asbestos.

From talking to asbestos removal companies this will affect how they complete their job, significantly increasing the total cost. An example of this is that it may be a requirement if removing a corrugated asbestos roof to seal the outside of the house with plastic wrap to avoid dust penetration. The cost could double or triple the removal of a roof so be cautious if buying property with asbestos present, factoring in these anticipated extra costs in dealing with asbestos products.

New Reserve Bank regulations could affect your ownership of a bach or holiday home.

Many holiday homes are rented out by their owners thus generating income whilst not being used.

The Reserve Bank has finally decided after a consultation process that the definition of "investment property" is any property which is not owner-occupied. This has been the subject of considerable debate with allowances made for different formats that people nowadays live (some between two houses) and their appropriate treatment under this new investment property definition. The new classification rule comes into force on October 1 and banks have a period of one year to sort out and classify their loan book. It is estimated the cost to the banks to implement this will be in excess of \$5 million dollars.

Banks will be required to hold more capital against investment property loans which will ultimately push up the interest rate charged for mortgages on these properties. This may affect some holiday areas such as Taupo which has a significant number of holiday homes that are rented out as an investment property.

It would be wise to seek appropriate professional advice if you own a second home or various permutations (such as owning one home but living in rented accommodation) to see how you will be classified.

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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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