

Property BULLETIN

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Haere Mai and welcome to the third edition of the Property Bulletin. In this issue we concentrate on the performance of the property market both regionally and nationally, with all the facts and figures. Caution is the watchword if purchasing, with stock numbers falling and interest rates heading down. This will no doubt increase demand and impact on prices achieved. The Government is clearly worried about provincial New Zealand with the shocks to be felt from the lower dairy pay-out and the flow-on reduction in income to farmers.

Regards

**Malc and the Team Leaders
MREINZ**

Keeping you informed in 2015



Auckland Is All About Price; The Regions About Volume

Sources: REINZ stats

7,989 dwellings sold in New Zealand in May 2015, up 21.6% on May 2014 and 10.4% on April 2015

A national median price of \$460,000, up \$30,000 (7.0%) on May 2014 and \$5,000 (1.1%) on April

A rise in the national median price excluding Auckland of \$9,000 compared to May 2014, and a fall of \$4,000 compared to April

A rise of 20% in Auckland's median price, from \$625,000 in May 2014 to \$749,000 in May 2015

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

Comparing May 2015 to May 2014, the number of Auckland sales with a sales price of \$1 million or more has increased by 120% (384 vs. 843)

Across NZ the total value of all residential sales including sections was \$4.845 billion in May 2015 compared to \$4.238 billion in April 2015 and \$3.553 billion in April 2014. Considering commission/income is usually a % of the total sale price this means there has been an increase of 36.36% in gross turnover/value of houses sold. The pie may be struggling to get in the oven soon!

Sales volumes

Nine regions recorded increased sales volumes compared to April, with Hawkes Bay recording the largest of 20.4%, followed by Taranaki with 16.7% and Canterbury/Westland with 13.2%. Compared to May 2014, all regions bar one recorded increases in sales volume, with Taranaki recording the largest of 48.2%, followed by Waikato/Bay of Plenty with 35.3% and Northland with 28.3%. On a seasonally adjusted basis the number of sales rose 4.0% from April to May, indicating that May sales were stronger than what would normally be expected for this time of year.

Seasonally Adjusted Sales Volumes				
	Compared to April		Compared to May 2014	
	Volume Change	Seasonally Adjusted Change	Volume Change	Seasonally Adjusted Change
New Zealand	10.4%	4.0%	21.6%	28.1%
Auckland	14.2%	2.0%	22.6%	27.4%
Wellington	1.9%	0.5%	21.5%	29.7%
Canterbury	13.2%	5.5%	7.0%	15.0%
Waikato/BOP	13.1%	1.0%	35.3%	40.8%
NZ ex Akl	8.1%	3.2%	20.9%	28.4%

Sources: REINZ stats

Prices

Auckland recorded the largest percentage increase in median price by comparison with both May 2014 and April 2015. May-to-May growth was 19.8% for Auckland, followed by Southland at 15.5% and Otago at 12.5%. April to May 2015 growth for Auckland was 4.0%, followed by Otago at 2.9% and Southland at 2.5%.

Seasonally Adjusted Median Prices				
	Compared to April		Compared to May 2014	
	Median Change	Seasonally Adjusted Change	Median Change	Seasonally Adjusted Change
New Zealand	1.1%	1.5%	7.0%	6.8%
Auckland	4.0%	2.2%	19.8%	19.9%
Wellington	-1.4%	1.3%	-1.7%	-2.5%
Canterbury	-5.9%	-7.7%	-3.6%	-4.6%
Waikato/BOP	0.0%	1.5%	4.2%	4.2%

Sources: REINZ stats

Sales Spread via Price

It is quite clear from the graph below that house prices in the upper quartile are moving with a near doubling of houses selling in this category. Previously I thought the boom was in the first home buyers'/investor market but now it seems that the demand for higher price homes is gaining momentum as well.

Sources: REINZ stats

	May 2015		May 2014	
\$1 million plus	935	11.7%	475	7.2%
\$600,000 to \$999,999	1,826	22.9%	1,379	21.0%
\$400,000 to \$599,999	1,995	25.0%	1,779	27.1%
Under \$400,000	3,233	40.5%	2,939	44.7%
All Properties Sold	7,989	100.0%	6,572	100.0%

Wellington

Regional Roundup

The median price for the Wellington region fell by \$5,700 (-1.4%) compared to April, with prices rising in Central Wellington by 23% and 4% in Pukerua Bay/Tawa, although prices fell 5% in Upper Hutt and in Hutt Valley. Compared to May 2014 the median price fell \$6,950 (-1.7%) with prices rising in Central Wellington and Pukerua Bay/Tawa.

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.

The number of days to sell improved by one day compared to April, from 39 days in April to 38 days in May.

Wellington Region Trends				Price ↘	Volumes ↗	Days to Sell ↘	Overall →
Median Price				Volume Sold			
	May-15	Apr-15	May-14	May-15	Apr-15	May-14	
Upper Hutt	\$330,850	\$349,000	\$335,000	64	56	57	
Hutt Valley	\$347,650	\$365,000	\$381,000	156	183	138	
Northern Wellington	\$480,000	\$472,500	\$551,000	76	72	69	
Central Wellington	\$488,500	\$397,500	\$442,500	60	54	50	
Eastern Wellington	\$550,000	\$545,600	\$588,000	40	34	35	
Western Wellington	\$575,000	\$571,000	\$560,000	29	56	39	
Southern Wellington	\$550,000	\$538,550	\$540,000	61	56	34	
Pukerua Bay / Tawa	\$438,500	\$423,375	\$405,000	85	82	85	
Wellington	\$405,550	\$411,250	\$412,500	764	750	629	

Sources: REINZ stats

Compared to May 2014 the number of days to sell improved by five days. Over the past 10 years the median number of days to sell in May has averaged 40 days across the region. Compared to May 2014 sales volumes rose 22% across the region, with sales up 79% in Pukerua Bay/Tawa, 20% in Central Wellington and 13% in Hutt Valley.

Compared to April sales volumes rose 2%, with sales rising 18% in Eastern Wellington, 14% in Upper Hutt and 11% in Central Wellington, and 6% in Northern Wellington.

Buying your first home? Tap your Dad, Mum or Rich Uncle!

Barfoot and Thompson's recent Auckland first home survey released in February 2015 has clearly indicated that 47% of first home buyers in Auckland had some form of financial assistance from family. This compares to 31% in 2010 and only 13% back in 1970. Assistance was predominately in the form of either a gift (44%) or as a loan (34%). These figures are not surprising when we look at the growth of property prices (particularly in Auckland) against disposable income. Another factor which may have increased this statistic is the way students now fund their tertiary education which has changed significantly since the 1980's, meaning that many first time buyers already have significant debt.

The report highlighted the fall off in the traditional practice of buying your first home with a partner (94% in 1970 down to 63%), while the percentage of those purchasing alone stayed about the same. Those buying with family members increased to 13% of first home purchasers.

It is important to ensure if entering in to an arrangement of this type that, a) it is

well documented and covers all 'what if's' occurring – breakups particularly; and b) it is understood that property like most assets goes in cycles and any agreement should reflect this as things almost always change. Some of these topics may be difficult to discuss at the time so it is important to consult your lawyer who will be well experienced in covering off the appropriate documentation.

Why are first home owners buying? It appears this has changed as well with 11% of purchasers now making their decision based on investment criteria, as opposed to just 3% in the 1970's. People no longer buy a house when they marry with a view to staying in it until they outgrow it, rather people are inclined to transition through a wider spectrum of property occupation, i.e renting, apartments, etc.

It has never been easy to get a foot on the property ladder, and this survey shows that when times are tough you may need to think outside the square to ensure you get ahead in life.

Sources: Barefoot & Thompson

Last Word

Let's face it, with all that's been written about the property market in the last couple of months, I finish off with a few comments I've heard in my chats with home owners and the man in the street.

Jeremy (Thorndon) – "Economists, with all the information available to them, are renowned for predicting events with less certainty than a well-read, thoughtful layperson."

Evan (Newtown) – "The Property Press dated 24th June is the skinniest I've picked up when I've done the groceries in over three years!"

George (Kilbirnie) – "Trade Me yesterday had 840 listings in Wellington (compared to 15 March when there were 1200) so there has been a reduction of approximately 42% in listings. Even allowing for seasonal fluctuations, it's not hard to figure if this keeps occurring it will have an impact on prices."

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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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