

Property BULLETIN

ISSUE FIFTEEN MAY 2017

Ray White®

April 2017 Wellington sales figures

Hi and Welcome to our May / June 2017 Property Bulletin. It is now been over four months since our rebranding from Leaders to Ray White with the changes well received by staff and the public. At Ray White-Leaders we are excited by the boost we have received to our company, particularly around the use of better technology, great branding and the advantages of being part of a wider referral network. The extra group training we have also received has been great with REAA and legislative compliance an important focus of the Ray White Group.

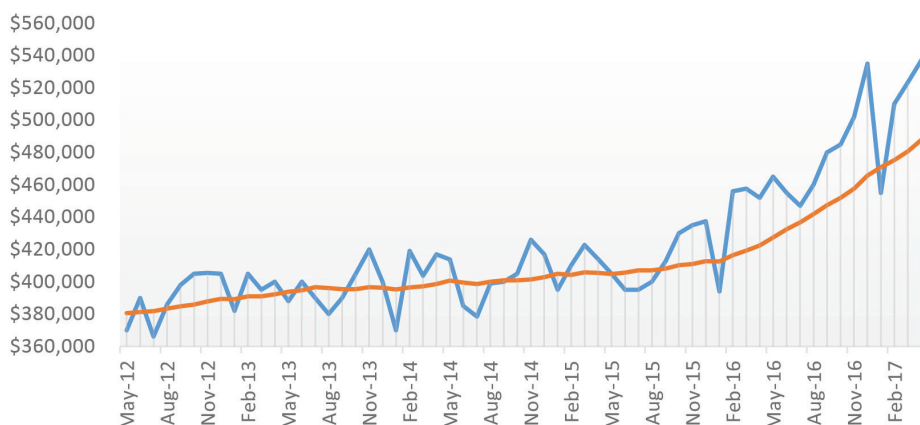
**Regards Malc Morris
and Evan Tomuri**



The REINZ has just released the figures for sales via members for April 2017 with house prices in the Wellington region rising \$85,000 (+19%) on April 2016. Sales volumes have fallen 26% across the region and are 365 down on March 2017. The number of days on the market has eased in April from 26 to 27 days, but if you look at the last ten years the average number of days to sell during April has been 37 days. The level of inventory in Wellington improved by one week compared to April 2016, from 8 to 9 weeks, but remains very low historically.

There are clear signs that there are fewer investors in the market. A recent Reserve Bank report confirmed this with housing investors borrowing some \$740 million less (31.9% less) in March 2017, compared with the same month a year ago. This continues the trend seen since the Reserve Bank introduced new rules requiring minimum deposits of 40% for investors. The rules officially came into operation at the start of October 2016, but were in effect applied by the banks from July when the RBNZ announced them.

**Wellington Region Median Price
Past 5 years**



Source: REINZ

— Wellington Median Price — 12 month MA

Delay in release of P contamination testing standards

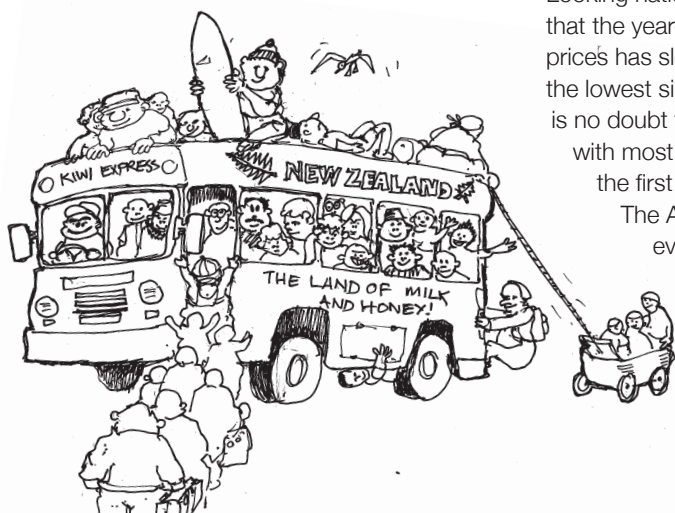
In early April 2017 Standards New Zealand announced further delays to the planned release of the national standard for properties contaminated with P. Due to the number and nature of public comments on the draft standard (NZS 8510 Standard for testing and remediation of meth-contaminated properties), and the time needed for the committee to consider them, the planned publication date has shifted to the end of June 2017. Watch this space !

More significantly, in our view, mortgage rates have been rising since late last year, ending a steady downward trend in borrowing costs over the previous couple

of years. We expect this factor to have a more sustained impact on the rate of house price growth.

Looking nationally it is interesting to note that the year-on-year increase in house prices has slowed further to 7.8%, which is the lowest since September 2014. There is no doubt the overall market has cooled with most of this increase occurring in the first four months of that period.

The Auckland market has slowed even more markedly with prices effectively flat since last July. Based on this we may see (as a lot of economists are predicting) national house price growth slipping further to a range of 3-5% per annum.



Joining the Team

Some of you may be aware Evan Tomuri has been working away in the background for quite some time to join us at Leaders Kilbirnie office (now Ray White Leaders in Real Estate.) Evan has been self-employed since the age of 24 and sold his very successful business of Mace Contracting 563 Ltd in December 2016.

I believe him to be a great asset to our team. Evan's wealth of knowledge in sales, and his vision to create and grow a sustainable business with excellent and outstanding service, has made him what he is today. This has enabled him to build trust and cement firm relationships with clients, friends and family. These attributes are essential to build a successful career in Real Estate and will directly benefit the clients and customers he deals with.

I have been enjoying his friendly approach and his professional can-do attitude as he has been actively assisting our team with marketing campaigns since his arrival. I look forward to a long-term relationship with him in real estate, with us working together as we plan to grow our team further in the near future.

Watch this space – Agents Plus arriving soon!

**AGENTS
PLUS+**

Funding Grants Available for Insulation

Recent changes to the Residential Tenancies Act 1986 mean that by 1 July 2019, all rental properties must have ceiling and underfloor insulation meeting a set standard, where reasonably practicable. A limited number of grants are available through Warm Up New Zealand: Healthy

Homes for ceiling and underfloor insulation for rental properties occupied by low-income tenants. The grants are for 50% of the cost and available on a first come, first served basis if the rental property meets certain criteria, including if the named tenant has been referred by the Ministry of Health's Healthy Homes programme.

Criteria for insulation funding

There are a limited number of grants for 50% of the cost - these are available on a first come first served basis if the rental property meets the following criteria;

- Rental property was built before the year 2000
- Named tenant has a Community Services Card
- Named tenant referred by the Ministry of Health's Healthy Homes programme
- Rental property is not owned by a Government agency

How to apply for insulation funding

If you are a tenant or landlord, contact one of the service providers listed below. They will advise whether you are eligible for funding and the process for getting your rental property insulated.

Be aware that funding is limited, and projects may not cover all regions, or all areas within a region. The listed service providers for Wellington are.

Energy Smart 0800 777 111

Smart Energy Solutions 0800 888 766

Sustainability Trust 0508 78 78 24

Other payment options for insulation

If you don't qualify under the Warm Up New Zealand: Healthy Homes project, there may be payment options with local councils and banks to help you with the cost. This includes adding the cost to your rates or as a mortgage top up.

Immigration – It's not slowing down!

Stats NZ has just published the migration figures to the end of March and the rush to come and live in our land is reaching a record level. The country's population had a record net migration gain of 71,932 in the year to March 2017.

This was up 6.3% on the year to March 2016, 21.7% up on the year to March 2015, and 124 % on the year to March 2014. Not only are more migrants arriving but also less are leaving.

Arrivals hit a peak of 129,518 migrants in the year to March 2017, while 57,586 departed on a permanent or long term basis, giving a net gain of 71,932.

The biggest source of migrants was Asia,



with a net gain of 33,789 from the region in the year to March 2017, which included 11,030 from China and Hong Kong, 7,999 from India and 4,459 from the Philippines. That was followed by 16,771 from Europe which included 6,416 from the UK, 3,427 from Germany and 3,365 from France.

There was a net gain of 1,018 people from Australia.

57,710 migrants said they intended to live in the Auckland region, followed by 12,719 in Canterbury and 10,080 in Wellington. A total of 19,076 migrants did not say where they intended to live but with a large proportion of migrants being Asian it would be no surprise if the majority headed to Auckland. This could add an extra 65,000 or so residents in an already heated market. I think therefore any slowdown being reported in Auckland is only temporary.

This demand will boost the regions as well as some sectors of the market will look elsewhere for affordable housing.

Migration now accounts for two thirds of Auckland's population growth and is the main reason for the region's housing shortage.

The problems that have been created in Auckland's housing market are now long term and structural and won't go away. It is estimated that since 2010 Auckland's housing shortage has grown to around 30,000 homes and is continuing to increase month by month as migration-fuelled population growth continues to hit new highs. This will effect a generation of young people as well as causing issues around infrastructure, transport, medical facilities, education and a whole host of other services.

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