

Property BULLETIN

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Anytime 04 390 0132
Mobile 021 472 132

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Prices Rise as Volumes Continue to Fall

National year-on-year median house price risen to \$510,000 – up from \$460,000 (+10.9%)

National month-on-month median house price is \$510,000 – down 1% on September's \$515,000

National median days to sell is 32 – up one day year-on-year

National sales volumes fell by 14% in October compared to the same time last year and the number of properties for sale has fallen by almost 7,400 over the past year.

Sources: REINZ stats

Leaders
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Hi and Welcome to our latest Property Bulletin. With Christmas fast approaching we focus on an update on methamphetamine contamination, as we get closer to the release of new standards currently being developed. We also provide a summary on the new law coming in to force 1 January 2017 around the fencing of swimming pools and spa pools. We hope you enjoy the read and for all things property don't hesitate to call Malcolm Morris 021472132

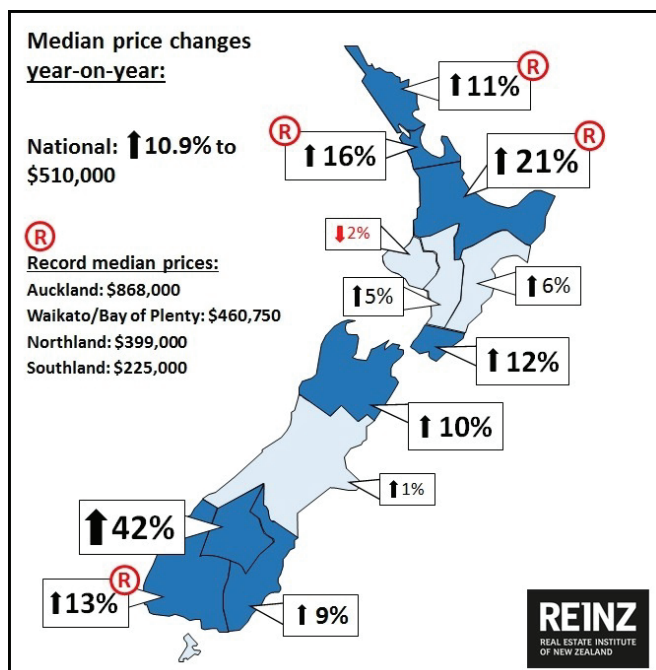
Regards Malc and the
Team Leaders MREINZ

Data suggests that the impact of the revised LVR rules is having more of an effect on lower-priced sales compared to higher priced sales. Compared to 12 months ago, there has been a surge in the percentage of sales over \$1 million, and a noticeable decline in the number of sales below \$400,000. Some of this change is no doubt reflective of the overall uplift in prices over the past year.

There is some evidence to suggest that the normal spring 'bounce' in the number of listings has so far been quite weak this year. One possible reason for this is that the revised rules may be making it harder

for people to know whether to sell as they wonder if there are buyers about, so they hold their properties back from the market. This could have the result that we're seeing, which is supply falling year-on-year but the demand is still there so prices keep rising.

Inventory is continuing to fall nationwide, with a 17% decline in properties available for sale year-on-year and four regions with less than 12 weeks of supply, representing almost 22% of sales volumes. Wellington has six weeks of supply available, with Hawkes Bay under 10 weeks supply, Nelson/Marlborough and Otago with 11 weeks supply.



Methamphetamine Contamination Update

A Ministry of Health funded report provides key recommendations for the country's first national standard for methamphetamine contamination currently being formulated.

The report, prepared by ESR, recommends that a different level be used to guide clean up where meth has been used, compared to the level for houses where the drug has been manufactured.

The report recommends that the current contamination level that prompts a clean-up stays the same for houses where the drug has been manufactured but is four times higher for houses where the drug has only been used and where there isn't any carpet. The level is three times higher for houses where only drug use is found, but where there is still carpet in the house.

The report notes that drug residue on carpets is more likely to result in chronic exposure to contamination for babies or toddlers who spend more time in contact with the floor.

The different levels reflect the level of health risk from living in a house where someone smoked methamphetamine, and living in a house used to manufacture the drug.

Living in a methamphetamine laboratory environment means potential exposure to chemicals at a sufficient level to be linked to adverse cardiovascular, respiratory and dermal effects from exposure to methamphetamine, organic solvents, acids, alkalis and other chemicals.

But people living in a house where previous occupants had only smoked methamphetamine means the potential

exposure to low concentrations of the drug on surfaces with a much reduced risk of toxicity.

Based on the recommendations now provided, the Ministry of Health believes houses which don't trigger the clean-up levels for methamphetamine are as safe to occupy as any other similar house.

The Ministry of Health believes the new recommendations will help guide clean-up efforts based on an appropriate assessment of risk. The recommendations will now be considered by the committee appointed by Standards NZ to develop the new standard.

The recommended levels identified in the report are:

- **0.5 µg/100cm²** for houses where the drug has been manufactured (unchanged)
- **1.5 µg/100cm²** for houses where the drug has only been used – carpeted
- **2.0 µg/100cm²** for houses where the drug has only been used – uncarpeted

Source: Ministry of Health press release

New pool fencing laws take effect from 1 January 2017

The government has passed improved laws to better protect children from drowning in swimming pools. These new rules make the requirements around pools more practical and enforceable.

In terms of statistics one child's death is too many so I applaud the Government's initiative on this legislation. Since the initial Fencing Bill in 1987 was passed the number of accidental deaths relating to pools has reduced from 100 to 20 per decade. It is anticipated that these new measures are expected to save an additional six young children's lives per decade.

The new rules will take effect from 1 January 2017 and will be incorporated into the Building Act.

The most important safety improvement is the compulsory nationwide requirement for all swimming pools to be inspected and certified every three years. This will be done by independent certified and qualified pool inspectors. This enables better integration with other safety and building regulation

powers for inspections, enforcement, waivers and modifications, and addresses the problem that most drownings today occur because gates no longer close, fences have not been maintained or other changes have occurred that enable children to get access. A recent survey found that half of pools inspected were found to be non-compliant, exposing children to risk.

Other safety improvements are the requirement on retailers and manufacturers to inform purchasers of their legal obligations for child safety, and introducing new enforcement tools such as notices to fix and infringement notices. Councils have been reluctant to enforce the existing law because of the high cost of a full court prosecution. These new tools will help improve compliance.

In terms of temporary pools containing more than 400mm of water, my understanding is if the pool has sides which are over 1.2 m high and has no access point (ladder or steps) there will be no requirement for any fencing.

Best practise would be to check with your local council if you want to erect a pool over summer to see if the position and type of pool will require you to erect a fence or not. You may also need to apply for exemption in some circumstances.

The new law no longer requires New Zealand's 100,000 spa pools to be fenced. Small, heated pools such as spa pools and hot tubs pose a low risk of drowning to small children. They will comply with the new law if they restrict access to young children by having a lockable, child-resistant cover and are at least 760mm above ground. The new law also explicitly excludes garden and drainage ponds from having to meet swimming pool fencing requirements – rules which have given the existing law a bad name as being impractical and rarely enforced.

You can view the legislation here

<http://www.legislation.govt.nz/>

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Mobile 021 472 132

Anytime 04 390 0132

Fax 04 387 1650

Email malcolm@malcolmmorris.co.nz

www.leaders.co.nz www.malcolmmorris.co.nz

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