

# Property BULLETIN

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**RayWhite**

Hi and welcome to our monthly newsletter. As we all eagerly wait to see what the coalition has in store for us, we feature the slow sales record that occurred in September before the election. In Wellington we still have a huge under supply of houses in comparison to demand and have the lowest stock levels in comparison to sales volume for the whole of NZ. We hope you enjoy the read and are getting out there and enjoying the summer months. As we move towards Christmas and with Labour weekend now over, supply will no doubt expand but with low interest rates demand is never far away.

If you are thinking of selling or just wanting an idea of the value of your home, don't hesitate to give us a call for prompt professional service.

**Regards Evan Tomuri and  
Malcolm Morris**



## Changing Times, Changing Minds

With the new coalition of Labour and NZ First we all now eagerly await the release of the policy frameworks they are going to adopt. It appears there may be some significant shifts from National's perspective. Housing affordability, construction costs and quality will all come under close scrutiny. Property was a constant topic in the run-up to the election. I hope they do make progress on increasing supply but looking at overseas examples, this has only been achieved by a "forceful government" approach.

House building targets set by politicians generally end up being merely aspirational, and there is little evidence to suggest they can be delivered without forceful government intervention. Singapore is always cited as a great example of this. Today they have around 90% home ownership and homelessness is virtually nonexistent.

Following independence in 1964, Singapore needed an effective housing policy to solve a huge housing shortage and accelerate economic development. Government bodies were set up and equipped with the legal powers to implement policies. Expenditure on housing was about 8% of GDP in the 1970s and rose to as much as 15% in the 1980s and 1990s.

In the 1960s, the Government ensured

it had enough land to build homes by enforcing compulsory purchase orders and capping land purchase prices which prevented landowners profiteering from sales. By the end of 1965 Singapore had exceeded its target for annual house building.

It tried two approaches to encourage home ownership. The first, low interest rates, didn't work because borrowers could not afford the 20% deposit – but a compulsory pension scheme for workers forced everyone to save money that the government decided should be used for a down-payment on a new home. Four years after purchase, homeowners could sell their property at the open market price.

Here in New Zealand we need to have a stable supply of quality trades people coming through the trade system. If the Australian economy picks up as predicted we may again see a huge drift of quality trades people across the ditch. This happened during the resource boom which occurred from 2000-2008 until the GFC swept through. You can't build houses if you haven't got anyone to hold the nail gun. It never ceases to amaze me how the press feature articles about biz-hubs, start-ups, internet entrepreneurs, gaming companies etc, but they never seem to mention the trades as a serious career option with fantastic prospects for a worker.

## New parking restrictions in Miramar South

In response to the park and fly travellers creating parking problems near the airport, on the 14th of August the Wellington City Council introduced time-restricted parking to parts of Miramar South. The area is bounded by Calabar Road, Caledonia Street, Devonshire Road, Ellesmere Avenue, Crawford Green and Broadway. (See the map here). This scheme is intended to target people who park and fly and free up more kerbside parking for residents and visitors to use.

The Council considered allowing two exemption permits per household but decided on one as there is plenty of off-

street parking in the area. Households with more than one car (and no off-street parking) will need to make sure they move once every 24 hours. If you qualify you can apply online for an exemption permit here.

There will be a transition to full enforcement of the penalties (a parking ticket or being towed) with people initially being warned of the new restrictions. There are still a lot of cars parking in these areas as it would appear a lot of people still park and walk for day trips, so it remains to be seen how effective these measures will be. Many people may find it hard to justify paying the casual daily parking rate of \$34-\$49 (cheaper pre-book rates are available)

when they are flying to Auckland for \$45-\$50. It may be that they were specifically targeting those who would park for weeks at a time which was common.

There is a six month evaluation period where the parking will be monitored to see if any adjustments are needed, with the Council consulting the parties affected. Parking is becoming a hot topic with the average number of cars per household slowly rising. Our fascination with car ownership is not slowing down. Perhaps light rail from the airport may be the ultimate solution but only time will tell and given our population size this may be difficult to achieve economically.

NZ Market Wrap

Construction products to look out for when buying or renovating your home

Despite challenging conditions, residential prices have increased across NZ by 1.2% year-on-year to \$525,000. Nationally, excluding Auckland, median prices increased 5.7% year-on-year and Auckland median prices remained flat at \$845,000. However, on a month-on-month basis, Auckland's median price increased 1.2% or by \$10,000

Sales volumes sharply down

The number of properties sold in NZ during September fell 26.2% year-on-year (from 7,352 homes to 5,428). This is the lowest number of properties sold in September since 2011. Nationally, excluding Auckland, volumes decreased by 23.7% year-on-year. Looking at the regional picture, again all 16 regions in the country experienced a decrease in the number of properties sold on a year-on-year basis.

Wellington Regional Focus

The median price for the Wellington region rose \$51,000 (+11%) compared to September 2016. Compared to September 2016, sales volumes fell 31% across the whole region.

Compared to August 2017, Wellington sales volumes decreased 10% overall. There were a number of factors at play here with the run-up to the election probably contributing the most. The number of days to sell improved by two days compared to August, from 29 to 27 days which is back to where it was in September 2016.

The level of inventory (houses for sale) in Wellington was the same as September 2016 and is the lowest ratio of stock to sales across the whole of New Zealand. There ain't much stock on the shelf to choose from.

Median NZ House Price	
As at 1 October 2017	\$545,000
Auckland	\$845,000
Canterbury	\$426,000
Waikato	\$480,000
Hawkes Bay	\$392,000
Manawatu	\$271,000
Otago	\$397,500

In New Zealand we seem to have issues with products used for all eras of homes, dating back to the early 1900's. Below we outline the most important dates for you to be aware of when looking to purchase a home or doing some "DIY".

Plumbing:

Galvanised pipe work was used from the 1930's to 1980's; if this is still in use it will be on its last legs and will probably need replacing. Copper started to appear in the 1930's but is most common from the 1960's.

Black dux quest plumbing was used in the 1980's. There have been issues with this product in the past with leaking connections and pin holes in the pipe work. This should be replaced if found. Many insurance policies now have exclusions if flood damage occurs because of failed dux quest piping.

Mains pressure PVC is still being produced now, but be wary of older homes as this pipe can become brittle. We do recommend a plumber checks this product if found.

Wiring:

Cloth wiring was introduced when we first got electricity. This was around in the early 1900's. It was often installed in conduit from the 1940's. If this is still in use in a dwelling we recommend a full electrical inspection by a registered electrician who will then recommend full replacement.

Rubber wiring was produced from the 1930's. Once again this would require a full electrical inspection as it would only last around 25 years before the rubber gets

brittle and starts cracking.

Modern TPS has been used since the 1960's.

Asbestos:

Asbestos has been around since the early 1900's. It was produced in insulation in the 1930's to 1950's,

Asbestos was banned from use in paints, textured coatings and construction products since the 1970's. But don't be fooled into believing that this is when we stopped using it. Asbestos was still on the shelves being sold through the 1980's as there was a run off period.

Asbestos is found in roofing materials, exterior claddings, pipe lagging, paints, plaster texture coatings, vinyl flooring tiles and underlay. It's very hard to determine if asbestos is in a product or not, so the best way to confirm this is to get it tested at a asbestos testing laboratory.

When purchasing a home we recommend that you get it checked by a building inspector who will, as part of the inspection process, check for the presence of these materials. As licenced agents we are legally obliged to point out any known or hidden defects in a property which are then covered off in the Building and General Disclosure form. Having a professional person check over the home on your behalf can't be underestimated. Whilst it can cost you in the \$500-\$700 range, it never ceases to amaze me how many people avoid this important step in the home buying process, for what can be their largest ever financial purchase.

The REINZ house index shows prices changed:	
National:	+2.1% from September 2016
National:	(ex Auckland) +7% from September 2016
Auckland:	-0.7% from September 2016
National:	+0.7% from August 2017
National:	(ex Auckland) +0.8% from August 2017
Auckland:	+0.7% from August 2017

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