

# Property BULLETIN

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## Strong End to Winter, Short of Stock towards Summer

7,766 dwellings sold in New Zealand in August 2015, up 41.7% on August 2014 and down 4.4% on July 2015

National median price of \$465,000, up \$45,000 (10.7%) on August 2014 but steady on July 2015

The national median price excluding Auckland up \$8,500 (2.5%) to \$348,500 compared to August 2014 and down \$3,500 (1%) on July 2015

Year-to-year a 20.5% rise in Auckland's median price, from August 2014 to August 2015 – from \$614,050 to \$740,000; and a \$5,000 rise compared to July 2015

The highest volume of sales for Auckland and Waikato/Bay of Plenty for August since 2003

A 130% rise in the number of sales over \$1 million between August 2014 and August 2015 – from 368 to 848

Highest number of auctions for any August at 1,916 compared to previous August peak of 1,416 in 2013, and the second highest volume of auctions recorded for any month

Sources: REINZ stats

Welcome to the September edition of our Property Bulletin. Spring is here and gardens are stirring – it's a really great time to sell houses. Buyers are searching for properties new to the market.

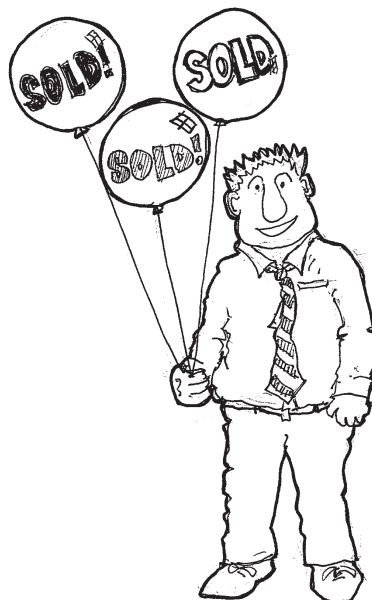
In conjunction with the Dominion Post, the Property Press and Trade Me, Leaders Real Estate have put together an unbeatable package if you are considering selling your home in the next two months.

Give me a call to discuss the details and how I can help you to generate the maximum amount of money being put in your pocket when selling your home.

Regards

**Malc and the Team**  
**Leaders MREINZ**

Activity right across New Zealand continued to be very strong through August, with wintry conditions apparently no deterrent to sales being concluded. A rise in the number of new listings matched by the number of sales, shows us that with more properties available for sale, buyers have emerged to take up the additional supply. Most regions still face a shortage of listings going into spring.



The presence of Auckland buyers in other regions is also becoming more noticeable with a surge in Auckland investors buying in Dunedin and continued strong demand for properties in the Waikato and Bay of Plenty. It would appear that the pending Reserve Bank LVR restrictions in Auckland are driving some of this demand, as are low (and falling) interest rates. While there may be some stability coming into prices in the Auckland market, there is no shortage of demand from either first home buyers or investors across the region.

The cut in the Official Cash Rate by the Reserve Bank last week by a further quarter percent is good news for borrowers, although there has been minimal increase in house prices outside of Auckland despite the recent cuts in interest rates. The impact of interest rate reductions within Auckland is hard to measure given the overriding supply and demand factors across the city.

# Wellington Region Commentary

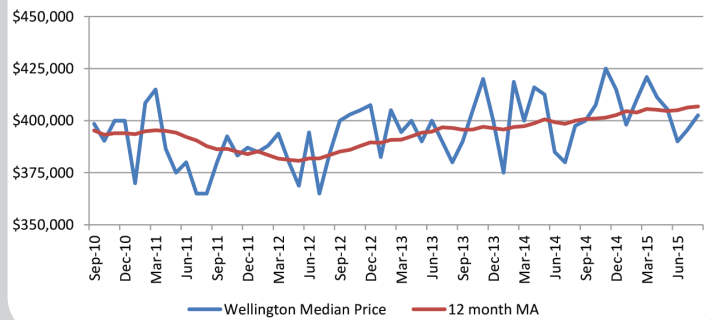
Sources: REINZ stats

The median price for the Wellington region rose \$6,800 (+2%) compared to July 2015, with prices rising 17% in Central Wellington, 13% in Northern Wellington and 7% in Southern Wellington. Compared to August 2014 the median price rose \$5,050 (+1%) with prices rising 20% in Northern Wellington and 8% in Upper Hutt.

Compared to August 2014 sales volumes rose 29% across the region, with sales up 65% in Upper Hutt, 36% in Eastern Wellington and 30% in Hutt Valley. Compared to July sales volumes fell 4%, with sales rising 3% in Upper Hutt, steady in Southern Wellington and falling across the rest of the region.

The number of days to sell improved by six days compared to July, from 44 days in July to 38 days in August. Compared to August 2014 the number of days to sell improved by three days. Over the past 10 years the median number of days to sell across the region in August has averaged 39 days.

**Wellington Region Median Price**  
Past 5 Years

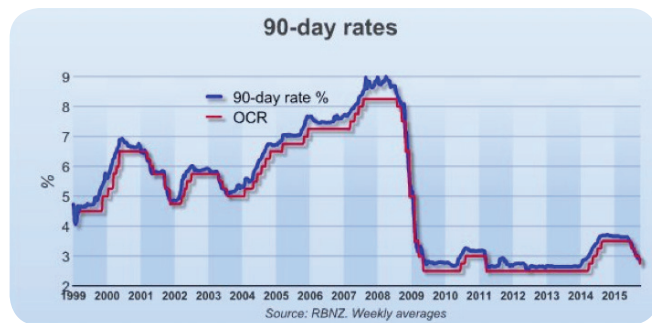


The market has started to see an increase in activity in both sales and with new listings coming on. Demand for apartments from investors is still evident. First home buyers remains steady.

## How the Official Cash Rate (OCR) works

Most registered banks hold settlement accounts at the Reserve Bank, which are used to settle obligations with each other at

The graph below shows that the path of 90-day bank bill rates closely follows the OCR.



the end of the day. For example, if you write out a cheque or make an EFTPOS payment, the money is paid by your bank to the bank of the recipient. Many hundreds of thousands of such transactions are made every day. The Bank pays interest on settlement account balances, and charges interest on overnight borrowing, at rates related to the OCR. These rates are reviewed from time to time, as is the OCR. The most crucial part of the system is the fact that the Reserve Bank sets no limit on the amount of cash it will borrow or lend at rates related to the OCR.

As a result, market interest rates are generally held around the Reserve Bank's OCR level. The practical result, over time, is that when market interest rates increase, people are inclined to spend less on goods and services. This is because their savings get a higher rate of interest and there is an incentive to save; and conversely, people with mortgages and other loans may experience higher interest payments.

When people save more or spend less, there is less pressure on prices to rise, and therefore inflation pressures tend to reduce. Although the OCR influences New Zealand's market interest rates, it is not the only factor doing so. Market interest rates – particularly for longer terms – are also affected by the interest rates prevailing offshore since New Zealand financial institutions are net

borrowers in overseas financial markets. Movements in overseas rates can lead to changes in interest rates even if the OCR has not changed.

## Cuba Street Precinct

The Willis Bond campus development for Weltec on the corner of Dixon and Cuba Street (due to be opened in 2018) will add tremendously to the Cuba Quarter, bringing a unique mix of arts, entertainment, education, food and living. With \$60 million being invested by Willis Bond in this project and approximately \$20 million by Weltec, the development will bring together approximately 1000 students over a wide range of courses in the arts and creative technology fields. Apartments near or close by are starting to be seen by many to be a great investment opportunity. Additionally there are new developments currently being marketed in the area and more on the drawing board over the next two – three years. This will further enhance the Cuba Precinct and build on the unique and popular environment that exists. Retail shops in this area trade a good many more hours than the Golden Mile and are full of people 7 days per week.



How often does the OCR get reviewed? At present 8 times per year. The remaining dates for 2015 and through 2016 have recently been set by the Reserve Bank to be:

29th October 2015	OCR	9th June 2016	OCR & MPS
10th December 2015	OCR & MPS	11th August 2016	OCR & MPS
28th January 2016	OCR	22nd September 2016	OCR
10th March 2016	OCR & MPS	10th November 2016	OCR & MPS
28th April 2016	OCR	(Please note these dates can change)	

OCR – OCR Review, MPS – Monetary Policy Statement

Source: Reserve Bank

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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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