

MARKET REPORT: Real Estate Sales - Autumn 2016

by Adam Smith

As we head into a usually quieter time over the winter months, it seems the market is doing the opposite, with a steady stream of buyers on the lookout for both family homes and investments. Here's the latest on what we're seeing happening in the Auckland (North Shore), Christchurch and Wellington real estate sales markets, at Iron Bridge.

Auckland – North Shore

The market had the heat come out of it towards the end of 2015 with the government introducing requirements for increased deposits when purchasing an investment property in Auckland, as well as extra requirements for overseas purchasers. Cooling the market was exactly what these policies were meant to do, but they didn't really impact for long.

Over the Christmas and New Year period we noticed an increase in buyer interest and that has been steady since. So far this year there has been a low supply of properties for sale, and with strong net migration continuing, the increased demand for properties will continue. Combine this with clear signs Chinese buyers are starting to get back into the market, and this will again put upward pressures on prices.

While we do expect house prices to rise, we don't believe it will be at the red hot pace Auckland has been used to in recent years. [Auction clearance rates so far this year are down](#) and are a good indication that the market is still a bit patchy. Meanwhile we have been seeing less multiple offer situations, but are still finding we are achieving strong prices for our sellers via negotiation, even if there is just the one seriously interested buyer.

The issue with Auckland housing supply not reaching demand will continue on over 2016, with around 70,000 net migrants predicted to arrive in NZ each year. They all need somewhere to live, whether they choose to rent or buy.

This, along with rents starting to rise at a good rate in Auckland, has spurred a few more investors back into the market despite the hefty deposits now required. Buyers are more selective than they have been in the past, but on the North Shore investors are showing good interest in the sub \$800,000 price point. Overall, the [QV Report for March](#) shows that Auckland is basically the same over the past 3 months, down 0.2%, but still up 16.8% from 12 months ago. An average price of \$931,061. For the North Shore, prices are down 1.1% in the past 3 months with an average value of \$1,077,459.

Christchurch

We've seen steady sales in the Christchurch market rolling into 2016 and the latest [QV Report for March](#) supports this. It shows that the Christchurch market is up 0.8% in the past 3 months, and 2.9% year on year. The average price is up to \$485,700.

One of the reasons, we think, for the strengthening of the market would be vendors sharply pricing their properties. Looking at changes over the last 12 months, there's been a definite move toward listing a property with a price rather than for auction, which we see strongly encourage buyer confidence.

We believe that slow and steady growth will continue over 2016 with low interest rates encouraging people into the market. That's very obvious with our first home buyer clients comparing what they're paying in rent with weekly mortgage payments, and finding that buying is often a much better option for them. For most their KiwiSaver funds have matured enough by now and it gives them a great starting point to get in the market. Because entry-level homes are still a genuinely affordable option for many in

Christchurch, it encourages more first home buyers into the market and that steady stream of growth to continue.

Obviously there has been a lot of action in Christchurch's new build market over the last few years, and the buyer activity in popular areas like Wigram is now slowing as these developments come to completion. But there's still considerable interest in the market from investors, with most of our clients able to achieve our formula of \$100 of rent for every \$100,000 of house they purchase, giving them a really solid return on their property investment.

Wellington

The Wellington market is currently very strong. The latest QV House Price Index for the entire Wellington region shows home values rose 3.1% over the past three months and 7.5% year on year. The average value across the wider region there is now \$491,236.

The Wellington market is starting to resemble the Auckland market of not too long ago, but with a trend more towards tenders. There is reduced stock levels, which isn't meeting buyer demand. Buyers are needing to be prepared to go in with unconditional offers, or close to it, in an attempt to secure the home of their dreams.

If you want to know more about the Auckland and Christchurch markets or take a look at our latest listings, please [get in touch with our teams](#).