

# Population growth for investors



Statistics New Zealand has released revised population growth projections for our regions and local authority areas. Rather than forecasts, these projections are based on trends in an area's age profile, death/birth rates and migration (both internal and international). Tony Alexander, Chief Economist at BNZ, often invites investors to look into these figures when weighing up potential property investment opportunities. "[We invite] people interested in investing in regional residential property markets to refer to these numbers when considering whether the low prices of an area represent a bargain or simply reflect the dynamic of weak population growth or in fact population shrinkage," Tony explains in his [BNZ Weekly Overview](#) column.

At a regional council level, here are the latest population growth projection levels forecast for between 2013 and 2043.

Tony says: "What we see is that percentage-wise Auckland is projected to have the greatest growth in population from 2013 to 2043 of 55.8% or 833,000.

"This will account for 56% of the country's projected population growth and [will mean that] come 2043 Auckland will account for 39.3% of all people in NZ, [up] from 34% in 2013."

Comparatively, between 1961 and 2013 Auckland grew from 21% of the population to 34%.

Projections at a local authority level provide a more detailed breakdown of possible population growth, which is helpful for prospective property investors.

## Regional population 2013-2043 projected growth

Auckland	833,000	55.80%
Canterbury	204,400	36.30%
Waikato	137,500	32.40%
Bay of Plenty	73,400	26.20%
Otago	47,300	22.70%
Northland	32,000	19.40%
Nelson	9,300	19.10%
Wellington	84,600	17.40%
Taranaki	17,200	15.10%
Tasman	7,000	14.30%
Hawkes Bay	12,800	8.10%
Manawatu-Wanganui	16,400	7.10%
Gisborne	2,900	6.20%
Marlborough	2,500	5.60%
Southland	3,000	3.10%
West Coast	-2,400	-7.30%
NZ	1,481,000	33.30%

"It pays to keep an eye on population growth scenarios because history tells us that at this stage of the housing cycle people tend to get over-optimistic regarding regional growth, invariably overestimating the number of people who will leave Auckland," Tony explains. "There are 17 local authority areas around New Zealand where population is projected to shrink, led by Ruapehu [with a drop of] 28%, then Opotiki [dropping by] 24%." This is down from previous calculations made in 2015, which forecast that 26 local authority areas would see a decrease in population. "For some of these 17 areas population may not decline if net migration is at the high end of possible scenarios," Tony cautioned. "Personally I would boost projected population growth for the areas north of Wellington as development of the Wellington Northern Corridor greatly raises the potential for businesses to shift up the coast – especially should Wellington suffer another shake. "I'd also bias a bit more generally toward strong city growth versus more country linked areas given the way the technological revolution we are living through is encouraging city living." While there are many factors a property investor should take into account when weighing up the pros and cons of a potential investment, potential population growth is a helpful measure to keep in mind when comparing opportunities.

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# Lower prices mean budget squeeze

Flatter house prices are on the cards this year, but any decline in prices will have broader economic consequences, Infometrics is predicting.

*By Miriam Bell*

The economic consultancy has just released its latest forecasts and they show house prices falling in the second half this year to sit 2.7% below their December 2016 level.

This decline will be due to the dampening effect of tighter mortgage lending conditions and higher interest rates.

Infometrics chief forecaster Gareth Kiernan said the emergence of flat or falling house prices within the next few years will undermine consumers' willingness to spend.

At the same time, the discretionary portion of households' budgets will be squeezed as interest rates gradually rise from their historic lows.

These effects will be particularly acute in Auckland, where house prices are highest, he said.

"An increase in mortgage rates from 5% to 6% adds almost \$200 to fortnightly repayments on a 25-year mortgage for someone who has bought the average Auckland house with a 20% deposit.

"The result of this squeeze is persistently weak growth in household spending from 2018 through to early 2021, with per-capita growth nationwide holding below 1.0%pa throughout this period."

People that have heavily leveraged themselves to purchase property are likely to find that increasing debt-servicing costs cause a significant degree of financial stress, Kiernan warned.

"Re-entering the workforce or taking on additional hours to boost their income shape is one way that people can adapt as mortgage rates track upwards."

Meanwhile, Infometrics sees headwinds building for the residential construction sector.

The sector is considered one of the current drivers of economic growth but it is already struggling with capacity pressures.

Kieran said the safety net of rising house prices have acted as a safety net for the sector.

"They encourage developers to push ahead with new projects as they expect any building cost overruns to be covered by higher sale prices at the end of construction.

"But, with the wind having been taken out of the housing market's sails, that financial buffer looks to be less assured."

Further, Infometrics believes the annual new dwelling consent total slipping back from its current level of 30,162 in the year to February 2017 to below 29,000pa in the March 2018 year.

This is a worrying prediction, given New Zealand, and particularly Auckland's, ongoing housing supply shortage.

In a broader economic sense, Infometrics expects greater price pressures both domestically and internationally and have revised their inflation forecast for 2017 up by 0.2% to 1.7% per annum.

Kiernan said that, against this backdrop, the Reserve Bank is likely to begin raising the OCR by the middle of next year.

"But these OCR increases will only be gradual, as ongoing elevated levels of net migration and high labour force participation will prevent capacity pressures getting as out of hand as they did in previous business cycles."

Source: [landlords.co.nz](http://landlords.co.nz)

# Your 10 best children's bedrooms



Decorating a child's bedroom is about finding that delicate balance between fun and practical. The room should allow space for children to play and grow, while also offering plenty of storage for toys and belongings.

Shelley Ferguson explains: "Children's bedrooms are a great place for grown-ups to experiment design-wise as we can be more creative; however the style of the room should still be led by the child's needs and interests."

We invited realestate.co.nz followers on Facebook to share pictures of their children's bedrooms.

## Here are our top 10 picks, submitted by real mums and dads:



Zara created a minimalistic nursery for her little one, featuring greenery for colour and an eye-catching rug from Dapper Mr Bear. There's lots of floor space for bubs to play, which Shelley Ferguson says is key: "Sometimes kids just want to rumble, roll around, or lie on the floor and daydream. Whatever their age, try to achieve a room layout that allows this type of important play".



Amanda's daughter's lovely bedroom features an adorable wardrobe door decal. Plenty of shelving means accessories and toys can be both displayed and tidied away. "Children's bedrooms are a great opportunity to be brave with colour, creative with design, and to get DIY cred with the family," says Shelley.



Lauren's little guy has a perfectly polished nursery, featuring lots of temporary accessories that can be easily switched out as he gets older. If you want to ensure the space fits in with the rest of your home, Shelley recommends that the basics, like paint and flooring, are consistent with other rooms in your property. "Then let your little one inspire a theme that can be layered on top, and easily changed as they grow."



However, if you are keen to make a statement in your child's room, paint can be a wonderful way to do this. Rebecca's husband used test pots from Mitre 10 and some masking tape to create this gorgeous mural in their newborn son's bedroom. Big statement pieces like this "add a sense of adventure and create a room kids are keen to hang out in" Shelley explains.



Rachel's five-year-old daughter loves rabbits and horses, inspiring this pretty-in-pink bedroom. Allowing your child to be part of the design process can be exciting, Shelley says: "Use your child's likes and interests as a guide and choose a range of designs you think they'd like, that you can also live with. Then, let them choose from that selection."



Mum Aeronwy's creative use of shapes and textures adds personality to this very sweet little nursery. "Up the cuddle-factor with a throw, a couple of scatter cushions and your child's favourite soft toys" advises Shelley.



Sierra's little hero has a bedroom filled with Kmart goodies, with yellow and black as the theme. You'll thank yourself later for designing a space that encourages bedtime, Shelley says: "The snugglier and more comfortable you can make your kids' bed, the more likely they are to snooze off in a cloud of comfort."



Aimee's little one, age two, has a retro-inspired bedroom with a fox theme. Repurposing furniture, like these re-painted drawers, can be a cost-effective way of adding a statement piece to your child's room.



Ash's two boys, Luca and Archer, share this elegant monochrome bedroom. Keeping the colour palette simple means you can dress the room with accessories, which can be swapped out over time as your child's interests change and grow.



Kirstine used adhesive vinyl plank flooring to create texture around the walls of her son's room. She mixed two colours of recycled paint to create just the right shade of midnight blue. If you are renting and unable to paint the room, you can add a touch of style with funky pillows or throws, like Kirstine. "If you have a little more to spend, let your child help choose some new linen. You could team printed sheets with a coloured duvet or vice versa" Shelley explains.

Source: [realestate.co.nz](http://realestate.co.nz)

RECENT SALES STATISTICS							
NUMBER	ROAD NAME	SUBURB	RV	SALE PRICE	LAND AREA	FLOOR AREA	BEDROOMS
30	Taranaki St	Te Aro	355000	490500	59	59	1
41a	Cleary St	Waterloo	360000	432000	0	100	3
4	Frankie Stevens Pl	Riverstone Terraces	600000	670000	664	236	5
126	Nicholson Rd	Khandallah	600000	650000	518	110	2
35	Abel Smith St	Te Aro	150000	185000	0	31	1
5	Shalimar Cres	Khandallah	455000	605500	424	100	3
4	Thane Rd	Roseneath	1100000	1115000	513	130	3
8	Preston Way	Ngaio	620000	955000	955	160	5
35	Wellington Rd	Wainuiomata	335000	398000	809	120	3
167b	Muritai Rd	Eastbourne	836000	882520	2234	220	4
21	Mcenroe Gr	Naenae	550000	652000	503	190	4
30	Taranaki St	Te Aro	620000	750000	0	83	2
9	Clifford Rd	Johnsonville	480000	720000	456	190	5
18	Porritt Ave	Mt Victoria	770000	1013000	261	140	4
42	Redvers Dr	Belmont - Lower Hutt City	450000	459000	531	150	3
1027	High St	Avalon	680000	720000	726	280	5
268	Oriental Pde	Oriental Bay	440000	695300	0	100	2
8	Narbada Cres	Khandallah	280000	462000	837	80	2
138	Queens Dr	Lyllal Bay	345000	500500	0	76	2
21	Scarborough Tce	Mt Victoria	1100000	1500000	293	140	4
23	Trafalgar St	Johnsonville	260000	345125	0	80	2
320	Ohiro Rd	Brooklyn	430000	645000	2017	95	3
32	Donnelley Dr	Wainuiomata	270000	320000	615	100	3
195	Newlands Rd	Newlands	375000	570500	589	130	3
24	Barton Rd	Heretaunga	1000000	810000	754	240	4
3	Swain Gr	Riverstone Terraces	660000	751000	1053	240	4
3A	Porutu St	Fairfield - Lower Hutt City	430000	452000	0	100	2
23	Sunny Gr	Wainuiomata	235000	255000	921	90	3
41	Shakespeare Ave	Trentham	505000	460000	581	149	4
31	Sunnyview Dr	Brown Owl	470000	500000	582	172	3
81	California Dr	Totara Park	360000	375000	521	110	3
12	Dunsandel Gr	Silverstream	450000	517700	926	90	3
11	Mount Marua Dr	Timberlea	320000	387000	535	116	3
100	Akatarawa Rd	Birchville	325000	357000	1195	80	2
27	Sunrise Blvd	Tawa	400000	610000	645	180	3
21	Gardiner Gr	Wainuiomata	300000	345000	506	90	3
79	Horoeka St	Stokes Valley	145000	70000	2113	0	0
298	Oriental Pde	Oriental Bay	4500000	3780000	425	639	5
12	Rama Cres	Khandallah	720000	860000	632	230	4
79	Cunliffe St	Churton Park	335000	545000	1139	120	3
73	Black Rock Rd	Newlands	360000	490000	834	120	3
30D	Connaught Tce	Brooklyn	540000	676000	0	130	3
167	Parkvale Rd	Karori	385000	675000	814	170	4
3A	Govind Gr	Ngaio	300000	476000	555	70	2
129	The Parade	Island Bay	510000	693000	0	150	2
15	Monteith Gr	Brooklyn	430000	810000	270	140	3
15	Clutha Ave	Khandallah	610000	871100	376	170	4
48	Kano St	Karori	550000	706000	505	120	3
18	Aparima Ave	Miramar	630000	805000	438	170	4
84	Nevay Rd	Miramar	560000	670000	507	80	2
3	Argentine Ave	Miramar	650000	961000	506	172	5
26	Palm Ave	Lyllal Bay	550000	790000	381	102	3
5	Salek St	Kilbirnie	530000	642500	278	80	2



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**John Callam**  
Property Marketing Specialist

**M 027 223 3126**

**Philippa Seidelin**  
Property Marketing Specialist

**P 04 392 2430**  
**M 021 148 2430**