February 2017

Ray White market update

Our team at Leaders Real Estate are proud to announce that we are now a part of the global Ray White network. This does not mean that we will be changing the way we do things. Our network will still be the largest in the Wellington region and we will maintain our strong focus on team work and communication throughout the sales process. Our mission will still be to achieve the maximum possible sale price for our clients with the highest possible levels of service. The benefits of this change for our clients are huge. The Ray White network will give us a global platform to showcase our client's homes to international buyers in a way that we have not been able to do before. This can only mean more buyer competition and an even better result for our vendors.

It is with a great sense of pride that we will now keep you up to date on the Wellington market as your local Ray White salespeople. We wish you a happy and prosperous 2017.

John Callam & Philippa Seidelin

Looking towards 2017

New Zealand's housing market went gangbusters over 2016 and, while it currently appears to be moderating, speculation is building over what lies ahead in the new year.

There's widespread agreement that the Reserve Bank's new investor-focused LVRs have slowed down the market – for now. But there is some divergence of expert opinion over how long that might last and what exactly the market might do next. So what could the new year have in store for investors?

Auckland Property Investors Association president Andrew Bruce said he was cautiously optimistic about the Auckland market in 2017 - although not gung-ho due to several factors. One such factor is interest rates which will be going up and putting pressure on the market that hasn't been there previously, he said. "But whether that has an immediate effect or not is debateable. A lot of people will have some degree of cover for a wee while, although some may have over-committed themselves. "It will be interesting to see whether, around February - March, investors start jumping back into the market, to see if the effect of the latest LVRs was a blip or not. " While he would be surprised if there is another big surge in prices, he can't see things just falling away. "The basic fundamentals of supply and demand pressure are still there and, while interest rates are going up, they are doing so off the back of historically low base rates. "Also, the downside to the current property cycle is on the way, although it may not be in 2017, and that might take less experienced investors, who haven't been through a full cycle before, by surprise."

The housing market and investors' role it in will remain under the spotlight over the coming year, NZ Property Investors Federation executive officer Andrew King said. "That's because housing is likely to be a large part of campaigning for the general election – although housing was a large part of the last election and Labour found that it wasn't a vote winner. "As house price growth is expected to moderate over 2017, I can't see as much concern over house price growth by the general public as we have seen over the past few years." But that won't stop the general media from printing anything or any view that hints at a house price bubble of people being locked out of the property market for life, he said. For this reason, he expects he will have to put forward the views of landlords many times before the election. On a brighter note, King said landlords are set to see improvements in the areas of meth contamination and tenants' liability for damage in 2017. "I'm expecting to see the levels for meth increasing which will see far fewer properties requiring cleaning and less cleaning for those properties that are above those levels. I'm also expecting a resolution to tenants not being responsible for any damage they accidently cause to a rental property." These two results will be greatly appreciated by landlords, he said.

Source: landlords.co.nz by Miriam Bell

Capital's time to shine

Move over Auckland! Wellington is now the highest ranked New Zealand city on a global house price index – while local data also has it as a top performer.

International property consultancy Knight Frank has ranked Wellington number 16 in its latest Global Residential Cities Index. Auckland is now sitting at number 24 on the index – in which the top eight spots are occupied by Chinese cities, with Nanjing and Shanghai in the first and second spots. Knight Frank residential research specialist Kate Everett-Allen said that, beyond the rise of China's top-tier cities in the index, Asia's other main headline is Wellington's outperformance. "Annual price growth in the city (17%) has seen it overtake Auckland (15%) as New Zealand's hottest housing market, a title Auckland held for eight years."

After years of underperformance, Wellington's formerly static market has taken off over the course of this year. When economist Stephen Dickens suggested that Wellington was set to offer some of the best house price prospects in the country, back in April, the proposition seemed unlikely. But, over recent months, the capital city has been one of the country's strongest performers. According to the latest REINZ data, the Wellington region's median price hit a record high of $500,000 in November. This price increase represented year-on-year growth of 15% and, once seasonally adjusted, 1% growth on October. While REINZ had sales down in November, the data came from the month following the Kaikoura earthquakes which had a significant impact on day-to-day business and life in the Wellington region. Generally, REINZ had Wellington's median price trending up, the sales volume trend holding steady and the overall market trend still improving. REINZ regional director Mark Coffey said first home buyers are becoming more active in the market, although the number of investors has fallen away with the introduction of the new LVR rules. "But the big question for the market is the impact of the Kaikoura earthquakes and the flow on effect for insurance. "The market may be a little subdued over the next few months as insurance and other post-quake issues are worked through."

QV's November data also showed a strong performance from the Wellington market. Values in the Wellington region rose by 5.5% over the past three months and by 20.6% year-on-year, to leave the region's average value at $565,631. QV's Wellington valuer David Cornford said strong demand across the market continues to lead to value growth and strong sale prices, but the market is slightly less buoyant than it was. He too said this came down to the impact of the earthquakes. However, first home buyers are very active, open homes are well-attended and there is strong demand for new builds and off-the-plan purchases, Cornford said. "The number of properties listed for sale on the market remains relatively low - however there has been a late spring surge of new listings recently."

Meanwhile, Trade Me Property's latest data had the capital's rental market seeing New Zealand's second biggest year-on-year increase in median weekly rents. They rose by 9.5% in the past year, taking Wellington's median weekly rent to $433 in November. Head of Trade Me Property Nigel Jeffries said that while the city's median weekly rent had been rising all year, the past five months had seen an acceleration in growth. Given the cyclical nature of Wellington's rental market, he expects to see a strong peak in the market in the first months of 2017.

Source: landlords.co.nz by Miriam Bell