

Property Focus

More positive times ahead?

While the removal of Budget uncertainty did not provide the catalyst expected, multiple factors suggest more active times ahead in the New Zealand property market.

Harcourts New Zealand CEO Hayden Duncan says there is no question the volume of sales is soft at present, however he is positive about the future.

“It was widely predicted that post-Budget there would be a lift in the New Zealand real estate market, once the Government’s taxation plans and other changes were known, but according to the latest statistics that didn’t eventuate,” he says.

“As figures recently released by both Harcourts and the Real Estate Institute of New Zealand show, while there was some variance across sectors and locations, overall there continued to be a low volume of sales in June compared with the same month in previous years.

“This is primarily due to a slowdown in the previously high volume of investment property and first home transactions, coupled with funding of property remaining tight in comparison to the peak of the markets.”

Mr Duncan says with both investors and first-home buyers showing caution pre and post-Budget this has impacted activity in the lower end of the market however homes at the middle and upper-end have continued to experience strong demand from owner-occupiers.

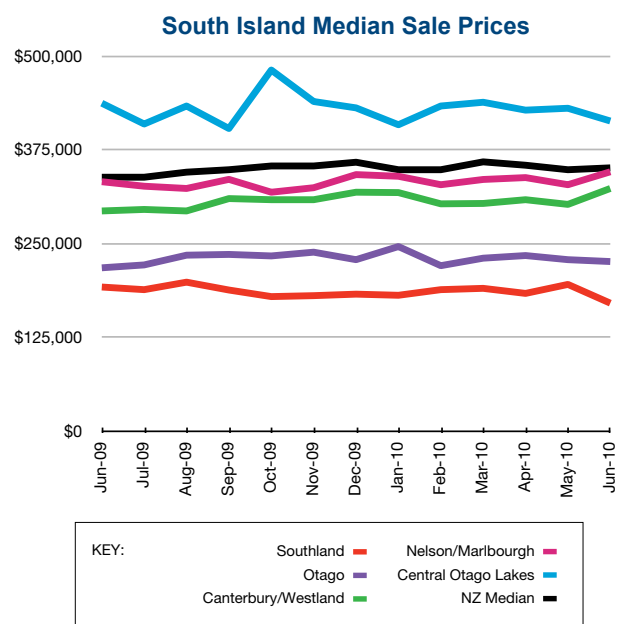
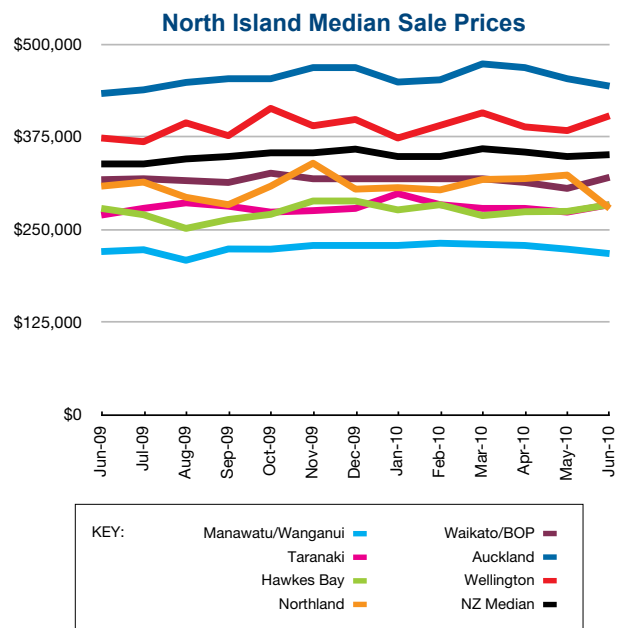
“These trends combined have impacted the average written sale price Harcourts reports and the median settled sale price REINZ publishes monthly.”

Looking ahead, Mr Duncan says there is considerable speculation but little consensus about what will happen in the New Zealand property market over the coming months.

“With historically low interest rates and lending criteria starting to free up for owner-occupiers, days getting longer, job security and business confidence slowly returning and tax cuts coming soon, I personally can’t help but feel the real estate market will warm up again as we approach Spring.”

Interestingly, a recent QV survey found an increase in the number of people who think now is a good time to buy, with specific questions for property investors finding they intend to keep their current portfolio or buy more properties.

New Zealand dwellings’ median prices



Source: Real Estate Institute of New Zealand

Smart steps for buying success

Whether you're looking for your first home, thinking about upgrading or buying an investment property or holiday home the same basic steps will help you achieve a successful result.

Buying a home is a big step, but the following should help guide you through the process successfully.

Know your finances

Work out what deposit you can make and calculate what loan repayments you can afford before approaching lenders or a mortgage broker to get the best deal. Don't forget to allow for interest rate movements and to factor in mortgage repayment insurance.

Select a reputable sales consultant

Harcourts Sales Consultants are trained professionals and will support and advise you through the buying process, as well as assisting you with any selling needs.

Decide what you want

Make a list of the most important through to the least important points of what you want in a property, both now and in the foreseeable future, preferably weighting the different characteristics. Not only will this list be a great reminder for you but it will also be a valuable guide for your sales consultant.

Make the most of inspections

Take your checklist, ask the sales consultant all the questions that come to mind and make notes on each property as you go because after viewing a number you can easily become confused about which house had what features.

Manage your offer

Don't get caught up in the emotion of finding a property you like, instead assess it against your checklist and consider things like the possession date, the price, the fixtures and chattels and also getting a builder's inspection and doing other due diligence to ensure you know exactly what you are purchasing.

Settlement

Your solicitor should be able to ensure any unforeseen complications are highlighted by checking official records and information before the deal goes through and by handling the finer details of the settlement on your behalf. Completing a pre-purchase inspection is also key.

Best street types

Houses located on streets called The Strand have the highest average value in New Zealand says QV.

According to their analysis, at the top of the list is The Strand (with an average capital value of \$1.44 million), followed by Point, Esplanade, Bay, View, Parade and Cove - all street types with names that suggest they are close to water or have a view.

Brae, Oaks and Mile, which QV says are often used in new and/or exclusive subdivisions, also rate well.

Meanwhile at the other end of the scale is Line (with an average CV of \$269,119) and Belt, with Street (which is the most common road name in the country) third from the bottom.

Even QV admits though, that while there is some relationship between street type and value, people are unlikely to choose a home because of the name of the road it's on but will decide based on other factors.

Did you know?

- Harcourts is entering the USA in a joint venture with Alterra Real Estate which has 21 offices in California, one in Oregon and one in Hawaii and a total of 700 sales consultants. The USA is Harcourts' 10th market.
- In the most significant development in the commercial property market in years a new joint venture formed by Harcourts and one of the world's largest commercial real estate service providers

has entered Australasia. Combining the best of both, NAI Harcourts will provide world-class commercial and industrial real estate services in New Zealand and Australia.

- At the 2010 REINZ National Real Estate Auctioneers Championships Harcourts' auctioneers were named winner and runner-up in both the senior and novice competitions.
- In recent weeks new Harcourts offices have opened in Auckland's Greenlane suburb and in the city's Westgate

Shopping Centre, plus in Canterbury's Pegasus Town and in Wairoa on the East Coast. A new property management office has also opened in Lower Hutt.

- More than \$660,000 has been raised for The Harcourts Foundation and over \$350,000 donated to 81 charities in New Zealand and Australia to date.
- Landlords who use Harcourts' property management services can now benefit from two industry-leading insurance products available exclusively to them through Harcourts and Insurance Express.