First Word
April 2018

MARCH SEES RECORD HOUSE PRICES FOR NZ DRIVEN BY REGIONS.

The median house price for New Zealand rose 1.8% in March 2018 to reach a new record high of $560,000 up from $550,000 in March 2017 according to the latest figures released by the Real Estate Institute of New Zealand (REINZ).

Median prices for New Zealand excluding Auckland increased by 6.2% year-on-year to a record high of $460,000. Additionally, three regions achieved record prices:

- Gisborne - up 17.9% to $330,000 (up from $280,000)
- Hawke's Bay – up 11.7% to $445,000 (up from $398,500)
- Wellington - up 10.0% to $583,000 (up from $530,000).

Other regions that saw strong increases in price during March were Manawatu/Wanganui (up 12.3% to $292,000) and Otago (up 11.1% to $405,500). Prices in Auckland fell 2.2% year-on-year to $880,000 but this was compared to March 2017 which saw the region experience the record price of $900,000.

It's also due to the mix of properties sold - the under $750,000 price band had 4% more sales this March and the $750,000-$2 million price band had 5% fewer sales. On a month-on-month basis, prices in Auckland increased 2.9%.

March was a very strong month from a price perspective with record prices achieved for New Zealand, New Zealand excluding Auckland, Gisborne, the Hawke's Bay and Wellington. Looking at the whole country, median house prices increased in 13 out of 16 regions – the only regions not to experience an increase were Northland, Auckland and Taranaki.

As New Zealand's second largest city, Wellington continues to shine as an attractive place to live with much of the growth being driven by areas outside Wellington's CBD including South Wairarapa's Martinborough Ward (+57.4%), Porirua's Eastern Ward (+48.0%), Carterton District Ward (+27.3%) and Upper Hutt City Ward (+25.6%).

Price Bands

Between March 2017 and March 2018, the number of homes sold for less than $500,000 across New Zealand fell from 44.2% of the market (3,810 properties) to 41.9% of the market (3,255 properties) which is reflected by the overall increasing median price.

March Breakdown - Value of properties sold:

$1million plus	1,198	15.4%
$750,000 to $999,999	1,064	13.7%
$500,000 to $749,999	2,251	26.0%
Under $500,000	3,255	41.9%
All Properties Sold	7,768	100%

Volumes Down For March

The number of properties sold in March across NZ fell by 9.9% when compared to the same time last year with 7,768 properties sold in comparison to 8,622 in March 2017.

There were some strong regional increases in the number of properties sold year-on-year:

- West Coast – up 18.9% from 37 sales to 44
- Gisborne – up 8.7% from 69 sales to 75
- Nelson – up 7.1% from 99 to 106
- Taranaki – up 3.1% from 196 sales to 202
- Marlborough – up 2.7% from 113 sales to 116

Regions with the largest year-on-year decline were Otago (-19.1%), Wellington (-17.7%) & Manawatu/Wanganui (-14.7%).

Inventory

A decrease in inventory in 11 regions saw the New Zealand excluding Auckland level of inventory fall by 1.5% from 17,716 in March 2017 to 17,446 in March 2018 highlighting the effect Auckland had on the overall picture.

Regions with the biggest falls in inventory were:

- Southland – down 15.3%
- West Coast – down 13.4%
- Wellington – down 9.1%
- Taranaki – down 8.7%
- Manawatu/Wanganui – down 7.4%.

Highlighting the lack of inventory across the country, the Wellington region only has 7 weeks' inventory available to those looking to purchase in the area and the Hawke's Bay only has 9 weeks' inventory.

Days To Sell

The median number of days to sell a property nationally increased by 1 day from 33 days in March 2017 to 34 days in March 2018. This is 10 days fewer to sell a property than it took in February this year. Auckland saw the median days to sell a property increase by 1 day to 36 (up from 35 in March 2017) but down from 49 days in February 2018.

Regions with the biggest decrease in the median number of days to sell were Southland (-5 days, the lowest number of days to sell in 16 months), Gisborne (-3 days) and Taranaki (-3 days). Regions with the biggest increase in the median number of days to sell; Otago (+6 days to 30), Nelson (+5 days to 27), Northland (+3 to 42) & Wellington (+3 to 29)

Source: REINZ.co.nz

Bright-line property rule has changed

Planning on buying or selling property?
The bright-line property rule has changed.

If you bought a house **1 October 2015 to 28 March 2018**, the original two year bright-line rule still applies for you. That means if you sell your house **within two years** of buying it you'll pay income tax on any gains, unless an exception applies. All existing property tax rules still apply. So even if the bright-line rule doesn't apply in your situation, that doesn't necessarily mean you won't need to pay tax on your property profits.

The Change

The bright-line property rule was updated on **29 March 2018**.

You'll pay tax when you buy and sell a residential property within

5 years

unless an exception applies.

What are the changes?

The bright line property rule was updated on 29th March 2018. It says you'll pay tax when you guy and sell a residential property **within five years**, unless an exemption applies.

When does the bright-line rule apply from?

The bright-line rule applies to the sale of any residential property you've bought on or after 1 October 2015 as follows:

- **Existing:** if you bought a residential property **1 October 2015 to 28 March 2018**, inclusive: the two- year bright-line rule applies.
- **New Update:** if you bought a residential property **on or after 29 March 2018: the five year bright-line rule applies.**

What does "main home" mean under the bright-line rule?

You could think of your main home as your "family home". Your main home is the property you have the greatest connection to. To be eligible for the main home exception to the bright-line rule, you need to have used a property as your main home for 50% or more of the time that you've owned it.

You also need to use more than 50% of the area of the property as your main home. (The area that counts as your main home generally includes things like your yard, gardens and related buildings like the garage.) This is an important point if you rent out a granny flat attached to your house or part of your house is used as a business. As an example, if you use 40% of a property as your home and 60% as a rental property, you can't use the main home exception if you sell that property.

If you live in more than one property, you'll need to decide which is your main home. To decide if a property you own qualifies as your main home, think about:

- where your personal property is kept
- the amount of time you spend living in each house
- where your immediate family lives
- where your social ties are strongest
- your use of the home
- what other ties (for example: employment, business, economic) you have with the community.

To find out more, including exemptions and tax implications and more go to the IRD NZ Website below.
http://www.ird.govt.nz/property/brightline-qa.html