



LOWEST SALES VOLUMES IN 8 MONTHS

The low number of new listings in July has meant that the number of houses sold in New Zealand during September decreased by -3.0% year-on-year. This was the lowest level number of properties sold since January this year, according to the Real Estate Institute of New Zealand (REINZ).

The number of properties sold across the country fell from 5,674 in September 2017 to 5,506 in September this year – 168 fewer properties. This is the lowest for the month of September since 2011.

Across the country 12 out of 16 regions saw a fall in volumes with 6 of those regions experiencing double-digit decreases.

Regions with the largest annual decrease in sales volumes were:

- Northland: -21.9% (from 215 to 168 – 47 fewer houses)
- Gisborne: -21.7% (from 60 to 47 – 13 fewer houses)
- West Coast: -18.9% (from 37 to 30 – 7 fewer houses)

There were also some regions with strong annual increase in sales volumes including:

- Marlborough: +31.5% (from 54 to 71 – an additional 17 houses)
- Southland: +22.3% (from 139 to 170 – an additional 31 houses)
- Waikato: +9.1% (from 582 to 635 – an additional 53 houses).

September Breakdown - Number of properties sold:

• \$1million plus	• 749	• 13.6%
• \$750,000 to \$999,999	• 767	• 13.9%
• \$500,000 to \$749,999	• 1,708	• 31.0%
• Under \$500,000	• 2,282	• 41.4%
• All Properties Sold	• 5,506	• 100%

Traditionally there is a lag of about 6 weeks between significant movements in listings and sales results. With July's listings down by 5.4% year-on-year and an all-time low level of listings in seven regions, it's little wonder that September's sales volumes were so low. There simply weren't as many properties for sale resulting in a very quiet start to spring.

However, with August and September's listing numbers up 0.1% and 11.7% respectively, it is expected that October and November's sales volumes will be much stronger – particularly as people want to sell ahead of Christmas.

Days To Sell

The median number of days to sell a property nationally increased by 2 days from 34 to 36 when compared to September last year.

Inventory

The number of properties available for sale nationally increased by 5.2% from 21,727 to 22,847 – an increase of 1,120 properties compared to 12 months ago. This is the highest level of inventory for 4 months.

September saw 6 regions with an annual increase in inventory levels:

- Auckland: +17.7% from 7,429 to 8,740 (+ 1,311 properties)
- Nelson: +16.0% from 309 to 358 (+ 49 properties)
- Waikato: +11.3% from 1,481 to 1,648 (+ 167 properties)
- Northland: +8.6% from 1,156 to 1,255 (+ 99 properties)
- Canterbury: +8.2% from 3,228 to 3,493 (+ 265 properties)
- Bay of Plenty: +1.2% from 1,335 to 1,351 (+ 16 properties)

Regions with the biggest falls in inventory were:

- Southland: -20.5% from 560 to 445 (-115 properties)
- Manawatu/Wanganui: -19.6% from 916 to 737 (-179 properties)
- West Coast: -16.5% from 563 to 470 (- 93 properties)
- Gisborne: -13.9% from 139 to 120 (-19 properties)

Wellington again has the lowest level with 8 weeks' inventory, followed by Hawke's Bay on 9 weeks and Gisborne and Otago with 10 weeks' inventory.

Price Bands

The number of homes sold for less than \$500,000 across New Zealand fell from 46.8% of the market (2,654 properties) in September 2017 to 41.4% of the market (2,282 properties) in September 2018 which is reflected by the overall increasing median price across the country.

The number of properties sold in the \$500,000 to \$750,000 bracket increased from 25.9% in September 2017 (1,472 properties) to 31.0% in September 2018 (1,708 properties).

At the top end of the market, properties sold for more than \$1 million increased ever so slightly from 13.4% in September 2017 (758 houses) to 13.6% in September 2018 (749 houses).

Auctions

Auctions were used in 14.5% of all sales across the country in September, with 798 properties selling under the hammer.

Under the hammer, and for the eighth month in a row, Gisborne had the highest percentage of auctions across the country with 42.6% (or 20 properties) in the region sold.

Auckland saw the second largest percentage of auctions on 26.4% (426 properties) and the Bay of Plenty maintained its spot of having the third highest level of auctions with 19.4% (76 properties) sold.

Rateable Value vs Market Value

What does this really mean?

In the search for your dream home, you may have noticed the various ways property values are advertised. Two of the most common values advertised are the rateable value and the market value. It's often assumed that these two values are equivalent, but that's not always the case. Take a look at how they differ.

What is rateable value?

A rating valuation (RV) is sometimes called the government value or the capital value. It's the government's method of assigning a value to a property that will determine its rates. Rateable values are generated automatically via electronic analysis every three years, either by local council or on behalf of them by a valuation service provider like Quotable Value (QV).

The rateable value is calculated based on three key factors:

- Capital Value (CV) – what your property is likely to have sold for at the date of your local council's last general revaluation, excluding chattels.
- Land Value (LV) – the likely selling price of the bare land at the date of your local council's last general revaluation.
- Improvement Value (IV) – the difference between the land value and the capital value.

Once each area has completed the revaluation process, the updated rating value is sent to property owners on an Owner's Notice. Worth noting is that rateable values can be much higher or lower than a property's true worth so are not a good metric for assessing how much a home will sell for.

What is market value?

A far more accurate measure of a property's worth is the market value – how much a prospective buyer is willing to pay for the property. The following factors are taken into consideration when a property is valued:

- Current economic climate
- Property sales statistics
- Interest rates
- Potential use of the land

What's the difference?

The rateable value and the market value can differ quite significantly so it's important you look at both values when buying or selling. RV's don't consider things like buyer demand and property presentation. Simply factoring in the RV could mean you over- or even under-estimate your property's value and influence the sales price you're likely to achieve.

How can I work out the market value of a home I'm interested in?

There's no exact recipe, but if you do your research, you'll have a much better understanding of the likely price range homes are selling for in the areas you're keen on. Here are a couple of tips:

Talk to us and become an expert on your chosen area/s

Our salespeople know how much homes are selling for in your desired area/s at any given time. They know what your competition looks like, and they have access to market data, including comparable sales. They can also provide you with information on the buying process, including how to bid at auction. Talking to a salesperson is a great place to start if need help understanding and estimating market value. [Find a Salesperson at First National Real Estate](#)

Get a private valuation by an independent registered valuer. Registered property valuers are impartial and independent property professionals who are qualified and trained to assess the market value of your property. They should have in-depth knowledge of the real estate market, particularly recent sales in your area and an understanding of building methods, architecture and style. They'll also be familiar with district plans, the RMA and government legislation.

In some circumstances, an independent registered valuation will be required by your bank as part of your mortgage approval.

Source: www.mortgage-express.co.nz/blog/rateable-value-versus-market-value



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