



SPRING COMES EARLY FOR AUCKLAND MARKET

The median house price for Auckland saw the first year-on-year increase in six months, with a rise of 1.4% to \$852,000 in August, suggesting that spring may have come early for the Auckland property market according to the latest data from the Real Estate Institute of New Zealand (REINZ).

Median house prices for New Zealand increased 3.6% year-on-year to \$549,000. For New Zealand excluding Auckland, the increase was even greater with a 6.2% annual increase from \$428,500 to \$455,000.

Only two regions saw a fall in median price year-on-year – Canterbury with a decrease of -0.5% to \$425,000 and Southland with a decrease of -4.0% to \$240,000.

August saw 3 regions achieve record median prices and 2 regions equal previous records:

- Gisborne: +42.6% to \$335,000
- Tasman: +24.2% to \$615,000
- Manawatu/Wanganui: +10.5% to \$315,000
- Hawke's Bay: +9.9% to \$445,000
- Waikato: +9.4% to \$525,00 an equal record with June 2018.

August Breakdown - Number of properties sold:

• \$1million plus	• 819	• 13.2%
• \$750,000 to \$999,999	• 913	• 14.7%
• \$500,000 to \$749,999	• 1,752	• 28.2%
• Under \$500,000	• 2,732	• 44.0%
• All Properties Sold	• 6,216	• 100%

Above average temperatures for New Zealand in the final month of winter has had a positive impact on the real estate industry with prices increasing in 14 out of 16 regions across the country.

The middle of the North Island and top of the South Island continue to see strong prices achieved as low listing numbers continue to drive prices upwards in these popular areas.

Auctions

Auctions were used in 12.4% of all sales across the country in August, with 769 properties selling under the hammer.

For the seventh month in a row, Gisborne had the highest percentage of auctions across the country with 37.5% (or 21 properties) in the region sold under the hammer. Auckland saw the second largest percentage of auctions on 22.5% (403 properties) followed by the Bay of Plenty on 16.0% (70 properties).

Inventory

The number of properties available for sale nationally decreased by -1.6% from 21,555 to 21,207 - compared to 12 months ago. This is the lowest level of inventory for 13 months.

Regions with an annual increase in inventory levels were Nelson (+18.8% - from 271 to 322), Waikato (+12.7% from 1,434 to 1,616), Canterbury (+11.7% from 2,979 to 3,328), Bay of Plenty (+0.8% from 1321 to 1332) and Auckland (+1.1% from 7,731 to 7,817).

Regions with the biggest falls in inventory were:

- Manawatu/Wanganui – down -28.2% (from 904 to 649)
- Southland – down -23.6% (from 527 to 403)
- Otago – down -17.9% (from 524 to 430)
- West Coast – down -16.2% (from 575 to 482)

Wellington again has the lowest level of inventory with 7 weeks' inventory, followed by Hawke's Bay on 8 weeks and both Manawatu/Wanganui and Otago regions with 9 weeks' inventory available to prospective purchasers.

Price Bands

The number of homes sold for less than \$500,000 across New Zealand fell from 46.0% of the market (2,770 properties) in August 2017 to 44.0% of the market (2,732 properties) in August 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 marginally from 27.3% to 28.2% (1,752 properties).

At the top end of the market, properties sold for more than \$1 million decreased ever so slightly from 13.3% (802 houses) to 13.2% in August (819 houses).

As we head into the warmer months of spring and summer the market is looking to be in a strong place for some positive result going forward.

DAYS TO SELL

The median number of days to sell a property nationally remained flat at 37 days. Auckland saw the median number of days to sell a property increase by 2 days to 42 days (up from 40 in August 2017). This is the highest median days to sell for the month of August for 10 years.

Regions with the biggest decrease in the median days to sell were West Coast (- 38 from 79 to 41), Taranaki (-11 from 46 to 35) and Southland (-11 days from 37 to 26).

Regions with the biggest increase in the median number of days to sell were Marlborough (+18 from 31 to 49), Canterbury (+4 from 37 to 41) and Nelson (+3 from 28 to 31).

Your post-auction strategy

What to do if the hammer doesn't fall

Auctions can be a very efficient way to sell. In an ideal world all properties put up for auction would be snapped up under the hammer. That doesn't always happen.

Sometimes the property doesn't sell on the day, but the agent starts negotiations with the highest bidder and the sale is concluded. If the highest bidder doesn't buy at the seller's reserve price, it's offered to the other bidders.

Most properties do end up selling within a few weeks of the auction even if they don't sell on the day. Sometimes there are purchasers who couldn't bid because they aren't able to go unconditional at an auction. They may however, still be able to buy subject to finance or other conditions.

If the property doesn't sell at auction or subsequently to the other bidders or interested parties, it's time to sit down with the agent for a debrief.

- What was the feedback at open homes?
- Was the reserve price too high for the market?
- What was it about your home that stopped bidders putting up their hands?

Maybe it was simply that the right buyer wasn't in the market at the point you went to auction. There are new buyers coming into the market every day. Don't get disheartened. Just keep promoting the property and marketing the property.

The price being too high is one of the main reasons that properties don't sell at auction. If your house is priced too high, all you're doing is selling all the other properties in the area that are priced more realistically.

Just because your neighbours' property sold for \$x doesn't mean yours will. There could be very subtle differences. The quality of the finish could be different at your neighbour's house. The market could have moved slightly, or it just might be that one buyer really fell in love with the neighbour's house.

If your agent doesn't think the price is too high, then what else could be wrong? Was the presentation a problem? Maybe the house needs work and not everyone is able, willing or prepared to do that.

Get out yourself to open homes and view the competition. Be realistic about how your property compares. Sometimes it's worth taking a break from the market, dealing with any presentation issues, getting new photos and videos taken, and starting afresh a few months down the line.

If you didn't use home staging first time around, consider whether this might be helpful. Presenting your home with the extras that make a house a home may make a potential purchaser engage more emotionally, a home they can happily imagine living in.

At First National, we understand the market, the process and your area. Have frank and open conversations with your agent to make sure the auction experience for you is as seamless and productive as possible.



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