



SPRING SPROUTS INTO ACTION!

The number of residential properties sold across New Zealand increased by 15.5% year-on-year – the highest number of sales in 5 months, according to the Real Estate Institute of New Zealand (REINZ).

The number of properties sold nationally increased from 5,880 in October 2017 to 6,791 in October 2018 – an increase of 911 houses.

Regions with the largest increases in sales volumes were:

- Marlborough: +46.2% (from 78 to 114 – an additional 36 houses)
- Southland: +32.9% (from 146 to 194 – an additional 48 houses)
- Canterbury: 28.7% (from 757 to 974 – an additional 217 houses)
- Otago: 23.4% (from 342 to 422 – an additional 80 houses).

Bindi Norwell, Chief Executive at REINZ says: October saw the real estate market spring back into action with the volume of sales increasing nationally by 15.5% when compared to the same time last year. This is the highest number of sales for a month of October in 2 years and is the equivalent of an additional 29 houses sold each day across the whole month. Regionally, we saw increased sales volumes in 13 out of 16 regions with 10 of those 13 regions seeing double digit increases. But the stand out results belong to the South Island with the highest volume growth seen in the southern half of the country – particularly in Marlborough which saw a 46.2% increase when compared to the same time last year which is a significant increase.

October Breakdown - Number of properties sold:

| | | |
|--------------------------|---------|---------|
| • \$1million plus | • 957 | • 14.1% |
| • \$750,000 to \$999,999 | • 1,047 | • 15.4% |
| • \$500,000 to \$749,999 | • 2,003 | • 29.5% |
| • Under \$500,000 | • 2,784 | • 41.0% |
| • All Properties Sold | • 6,791 | • 100% |

“September was very quiet in terms of the number of properties sold and we predicted that with the increase in listings coming to the market that October’s sales would be much stronger than September’s. With strong sales this month, it’s our belief that in the current market that New Zealand is taking a different path to what we’re seeing across the Tasman at this point in time.

“October also saw the introduction of the foreign buyer ban and while there have been pockets around the country of people talking about a rush ahead of the ban. With Statistics New Zealand’s September quarter figures showing the lowest level of foreign buyers since they began keeping records, we’re confident that most of October’s lift in volume is attributable to the spring lift rather than a rush of foreign buyers looking to get in ahead of the ban,”

Inventory

The number of properties available for sale nationally increased by 5.6% from 24,307 to 25,673 – an increase of 1,366 properties compared to 12 months ago. This is the highest level of inventory for 6 months.

October saw 7 regions with an annual increase in inventory levels. Regions with the largest increase were:

- Auckland: +17.0% from 8,465 to 9,906 – an additional 1,441
- Northland: +9.8% from 1,247 to 1,370 – an additional 123
- Nelson: +8.3% from 374 to 405 – an additional 31.

Regions with the biggest falls in inventory were:

- Southland: -25.0% from 612 to 459 – 153 fewer
- Manawatu/Wanganui: -19.4% from 1001 to 806 – 195 fewer
- Otago: -19.1% from 645 to 522 – 123 fewer

Wellington again has the lowest level of inventory with 9 weeks’ inventory alongside Otago also with 9 weeks’ inventory. This is followed by Hawke’s Bay on 10 weeks’ inventory available to prospective purchasers.

Price Bands

The number of homes sold for less than \$500,000 across New Zealand fell from 46.1% of the market (2,710 properties) in October 2017 to 41.0% of the market (2,784 properties) in October 2018.

The number of properties sold in the \$500,000 to \$750,000 bracket increased from 27.5% in October 2017 (1,617 properties) to 29.5% in October 2018 (2,003 properties).

At the top end of the market, properties sold for more than \$1 million increased from 12.6% in October 2017 (741 houses) to 14.1% in October 2018 (957 houses).

Median Prices

Prices continue to hold up around the country with the median price for residential homes reaching a national record of \$562,000 in October – a 6.0% increase on the same time last year.

Compared to October 2017, 5 regions achieved a record median price during October 2018:

- Manawatu/Wanganui: +20.2% to \$344,000 (up from \$286,250)
- Otago: +18.2% to \$480,000 (up from \$406,000)
- Hawke’s Bay: +17.4% to \$464,123 (up from \$395,500)
- Taranaki: +8.6% to \$380,000 (up from \$350,000)
- Canterbury: +3.3% to \$465,000 (up from \$450,000)

No More Letting Fees For Tenants

From Wednesday 12th December 2018

Parliament's new Prohibiting Letting Fees bill has passed and will come into effect on the 12th December 2018, meeting the busy letting season of January and February.

The bill will make it illegal to charge the tenant a letting fee (usually 1 weeks rent +GST). Tenants can still however be asked to pay rent in advance, and a bond.

The changes aim to reduce the upfront costs for tenants who are required to provide a bond, rent and associated move in costs.

What is a Letting Fee

A letting fee covers the cost of putting a tenancy in place. It covers the cost for time involved by the letting agent for things like:

- holding open homes
- reviewing applications from prospective tenants
- preparing tenancy agreements and conducting the initial property inspection



From Wednesday 12th December, the Letting Fee will be the responsibility of the Landlord to absorb.

Property remains New Zealand's most popular form of investment. Property investment is generally easy to understand and has traditionally offered solid investment returns.

Before you invest, you should have a clear long-term real estate strategy. For example, you'll need to decide whether you're looking for high rental returns in the short term, or if you're more interested in longer term capital growth.

Your First National Real Estate agent can help you to work out your best investment strategy and find you the properties to invest in. If this is your first time investing in property, you should also seek professional investment and taxation advice.

The main benefits of investing in residential or commercial property include:

- **Capital gains** – An increase in the value of your property over time thanks to a rising property market, or improvements you've made to the property.
- **Rental yield** – The annual rental income you receive, less maintenance and mortgage servicing costs.
- **Tax advantage** – In some cases, savvy investors can gain tax advantages through negative gearing, whereby they can deduct the costs associated with owning an investment property from their overall tax bill. Please consult a taxation specialist for advice on your own situation.



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