



Summer is here and the climate is improving

By ANZ chief economist Cameron Bagrie

As we head into summer, it's not only the days that are warming up. As the weather improves in the run up to Christmas, so does the real estate market. On the sunny side of the street, leading real estate indicators are bathed in sunshine, while on the shady side of the road things are decidedly cooler with the lagging and coincident indicators still detecting a chill in the air.

REINZ housing data for August shows that housing sales fell 1.9 percent in August, but remain 40 percent above the level of a year ago. Selling prices are continuing to recover, with the traditional median house price rising 5.1 percent from a year ago. Days to sell have fallen to 33 days, which ensures solid bidding for good stock on offer.

Net migration for August shows another solid increase, with low levels of New Zealanders choosing to leave and with a recovery in the number of permanent arrivals.

Despite the warm sun, a touch of frost remains about the building site, with the volume of residential construction contracting by 6.5 percent in June - the seventh consecutive quarterly decline. The level of residential construction is now one third off its peak in September 2007.

Household lending rose 0.3 percent in July, so it's still pretty sedate and hardly indicates a rapid turn. In many ways it looks at odds with the increasing euphoria and perception towards the housing market.

Total residential building consents in July rose five percent, while the figure, excluding apartment consent issuance, rose by 11 percent. The levels of both are still very low by historical standards, but it does now look like things are stabilising and are beginning to turn around.

However, when looking at commercial consent issuance, the trend is pointing south. With residential investment set to begin to recover later this year but non-residential or commercial construction looking weaker, the net effect is that the construction industry will remain subdued for some time yet.

Overall, the property market is improving courtesy of migration trends and policy stimulus. After a prolonged recession, stimulating the interest rate sensitive sectors, and seeing a subsequent response, is consistent with a conventional business cycle.

The big uncertainty at present is at what degree the market can push on. On the face of it - increased near term demand plus lack of listings equals firmer prices.

However, there are clearly other dynamics at work. Credit growth remains subdued, which means de-leveraging remains a dominant theme. Homeowners appear unwilling to change houses (as this usually involves taking on more debt), so the supply shortage is not just a reflection of excess demand, but wilder forces.

Tara's Comment...

It's hard to believe we are in October already! We are certainly on the slide towards Christmas, so if you are thinking of selling, NOW is the time to act. Take advantage of the last few weeks of advertising discounts and catch those buyers before their focus changes to holidays and New Years frivolities!

In addition to working hard with our surplus of cashed up Kiwi buyers, we are also currently in the UK showcasing local property at the Opportunities NZ Expos which attract more than 10,000 Brits interested in living in New Zealand.

The interest from the offshore market, especially the UK, has increased significantly of late. No wonder, with our wonderful climate and enviable lifestyle. We expect to see a number of these buyers in the country soon.



On a personal note, I have my oldest child Sebastian (pictured here with his sister Renee, and new nephew Logan) off to Murrays Bay Primary school in just under a month's time. We are in the midst of organising his 5 year old birthday party and he will be starting his school visits next week. It will be an interesting time for all the family as we adjust to the next 'stage' of his

development. I am sure he will just love it, although his younger sister Renee will definitely miss having him around!

Tara's Feature Listing



Potter Rd - Dairy Flat/Coatesville <http://www.bayleys.co.nz/201169401>

- 4.069ha with resource consent to sub-divide.
- Large family home with great flow to the outdoors.
- Gently sloping land ideal for horses or other stock.
- Huge 9x7m barn
- Land holdings of this size are limited - ACT NOW!

homefront

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Of course, I am also happy to provide you with an obligation free market appraisal which will include some accurate sales statistics of what has been happening in your area.

Improved stats for the local housing market

Median Days to sell :

August 08 August 09

<u>Albany</u>	71 days	35 days
<u>ECB</u>	43 days	31 days
<u>Mlfd/Taka</u>	76 days	22 days

What a difference a year makes!!



Courtesy of...

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