



## Housing crisis lies in lack of supply, not falling prices

New Zealand is facing a housing crisis, but it's not about prices falling ... It's the lack of house supply for a growing population that is approaching crisis point.

Every market moves to the rhythm of supply and demand. When supply exceeds demand, prices will soften because fewer sales occur. Sellers chase a limited number of buyers and must drop prices to sell. This is what we have observed since the market peaked in mid 2007.

It will be many years before land and house supply recovers. Builders responded to market signals, resulting last month in a 17-year low for new house consents.

Secondly, the fall in the New Zealand dollar has pushed up building material costs as house prices have fallen. That makes new construction uneconomic, at least while existing houses sell below replacement cost.

Now consider the demand side. Demand has already started to recover this year and sales volumes are beginning to recover.

As buyers start to exceed the number of houses for sale, eventually prices will rise. In the short term, prices will begin to stabilise.

For real estate agents, there is cautious confidence that those of us who have survived the 50 per cent reduction in turnover over the past 18 months have weathered the perfect storm.

So why will demand grow strongly this year? The deeper the recession gets overseas, the more New Zealand benefits!

Population movements are the most important factor. Prolonged, deep recession will produce global population upheaval. Fewer Kiwis are leaving for overseas, because they would rather hang on to the jobs they have than move to uncertain prospects. Those who recently left for the "Big OE" are returning much sooner than expected.

Long-term ex-pats are returning as they lose jobs overseas, or retire cashed-up.

Our ex-pat population is reckoned at about 1 million - more than 1 in every 5 of us. After Israel and Ireland, New Zealand has suffered the largest population 'Diaspora' (population dispersal) known in modern times. The effect of just one in every 20 ex-pats returning would see our net immigration figures skyrocket and cause an extreme shortage of housing.

Ex-pats returning and migrants alike are getting superb "bang for their buck". Of the world's most expensive cities to live in, London just dropped 19 places to 27th, but Auckland fell 29 places to 78th.

Lastly, our own population is growing (births outnumber deaths). From every angle, our population is set to increase quite markedly through this year and next. At the same time, our ability to house them is in severe, historic decline.

This is the true housing crisis facing us. And it is a recipe for stabilising house prices ahead of a firmer market.

# My Recently **SOLD** Properties



Quail Road, Kaukapakapa

Lot 1, Okura Country Estate, Dairy Flat



17 Crestview Place, Browns Bay

112 Stapleford Crescent, Browns Bay

## More Listings Needed!

I have an urgent requirement for new listings with a number of CASH BUYERS looking to purchase NOW!

Here is a selection of their requirements:

- Single level, 3+ bedrooms, 2 bathroom, Double garage, Anywhere on the Shore, Up to \$650,000
- East Coast Bays, 3+ bedrooms, Up to \$600,000
- Family Home, 3+ bedrooms, 2 living, Garage, Up to \$650,000
- Lifestyle, 4 bedrooms, 2 living, Up to \$1.3 million
- Clifftop Torbay – Mairangi Bay, 4+ bedrooms, Pool, Triple garaging, Up to \$2.5 million.

If you would like to discuss the possibility of selling your home, I would be very interested to hear from you. Please be assured that any discussions will be completely confidential and obligation free.

## homefront

### Quick Tips: Entrance Presentation

The importance of the entrance when selling your home is MASSIVE!

First impressions are critical...

- Have the area clear, swept and spotlessly clean. Clean any glass in the door and/or windows. Have any pathways clear with no overhanging plants etc.
- Add some drama with a pair of potted plants or sculptures either side of your entrance.
- Replace the door mat if needed and any dated or mismatched glass. If the door looks 'tired', consider painting it and changing the door handle and/or lock.
- If you don't have a light outside the front door - have one installed!



Courtesy of...

[Tara Menzies](#)

Lifestyle/Residential Sales

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