



## Market gathering momentum

*By ANZ chief economist Cameron Bagrie*

*The economy is stabilising, and this brings an end to the interest rate easing cycle, provided we do not see more global turmoil. Housing data and net migration are gathering momentum, but building consents are still to rise.*

The latest REINZ May data reinforces the theme of recovering momentum of the market. While house sales fell 13.3 percent, this was off a considerable surge of 2.26 percent recorded in April. The number of house sales was 5,700 in May, over 50 percent above the sales activity in November 2008.

Importantly, the median number of days to sell fell to 41 days (from 44 in April). This now sits only a touch above its historical average of 39 days and is a clear sign that underlying support is returning to the market.

April saw another solid monthly inflow in migration, with 2,160 people arriving - representing the largest monthly inflow since January 2004. The rise was driven mainly by less New Zealanders leaving the country. Permanent and long term (PLT) departures fell by 390 to 5,370 which is predominantly being driven by less people moving to Australia, where PLT have fallen to the lowest levels since 2006.

There is growth in the mortgage market, with credit data for April continuing to show subdued growth. Lending to households recorded a 0.2 percent monthly gain, following a 0.1 percent rise in the previous month. On a 3 month annualised basis, household credit growth was 3.4 percent, weaker than last months 3.5 percent increase.

In April, there was an 11.2 percent increase in residential consents issued. The increase was slightly

modest, rising 4.5 percent, and remains subdued. Given the lagged relationship between consent issuance and house sales- as it usually takes 3 to 4 months for consents to be processed- we would expect more consents issued over the next few months.

The Reserve Bank left the OCR unchanged at 2.50 percent. The RBNZ Monetary Policy Statement highlighted some positives emerging around the globe, but state they expect any recovery to be 'slow and fragile'. There was emphasis on the risks remaining, though the RBNZ noted some upside risks as well, from net migration and a rebound in the housing market.

Migration is now a key focal point to the growing momentum of the economy. The latest data reported an inflow of migrants, with evidence of a pick up in ex-pat New Zealanders returning home, although this is not a major trend yet. Nevertheless, the Reserve Bank alluded to the rise in migration as one of the reasons to leave the OCR at the constant in the latest *Monetary Policy Statement*. However, while encouraged in certain aspects such as migration and housing, the RBNZ do not expect the recent momentum in household spending and the housing market to be sustained, given the outlook for employment, farm incomes and high household debt. These are key judgements, and ones we concur with.

# The big day...

*Moving house is right up there when it comes to stressful times in your life. It helps to have a game plan so the day goes as smoothly as possible...*



## Four weeks before moving

- Start to pack the things you don't use often, like ornaments, picture frames, paintings.
- To help with unpacking, clearly label all your boxes by room
- If you're using a moving company, book at least four weeks before your big day. If you're not, make sure you recruit as many friends and family as you can- especially the ones with big vehicles!
- Use all the food in your freezer - frozen food is likely to spoil during your move.

## Two - One weeks before moving

- Call your electricity company to arrange energy supply at your new property and to organise a final reading at your old property.
- Arrange to disconnect the phone at your current address and connect at your new property.
- Redirect your mail - ask for 'change of address' request cards at any PostShop.
- Change your address with banks, insurance companies and subscriptions.
- Organise home and contents insurance and make sure you are suitably covered during the move.
- Dispose of expired cleaning products, medication and food.
- Arrange for children and pets to stay with a relative or friend on the day of the move.
- Wrap plants in rubbish bags to prevent dirt and water spilling.

## On moving day

- Keep things handy you're likely to need on moving day, such as your wallet, mobile phone, cleaning items, rubbish bags, toilet paper, and things for making tea and coffee.
- Make sure these are easily accessible for the first night in your new home.

# homefront

## Tara's Recently SOLD Properties

**SOLD** - 53 Bayside Drive, Browns Bay



**SOLD** - 42 Nigel Road, Browns Bay

**SOLD** - 252 Bawden Road, Dairy Flat

## TOP SALESPERSON

MAIRANGI BAY OFFICE JUNE 2009

## Feature Listing

64 ASHWOOD AVE, DAIRY FLAT



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## Courtesy of...

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