

# Residential **views**

## Trends imply market softening

From ANZ chief economist Cameron Bagrie



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Consent issuance is trending up from historically low levels, with numbers just nine per cent below historical averages as a proportion of dwelling stock. This compares to a 21 per cent shortfall just a year ago.

In the 12 months to February, 21,842 residential consents were issued, the highest yearly total since July 2008. Annual Auckland consent issuance is strengthening, but remains well below historical averages.

Sales volumes dropped one and a half per cent in March, with a 12 per cent total fall since October last year when the high Loan to Value Ratio (LVR) speed limits were introduced.

The Real Estate Institute of New Zealand (REINZ) figures show a regional slowing in sales volumes and a sharper fall in volumes for lower priced dwellings. This confirms that the speed limits have impacted most on the lower tier of the market.

Auckland and Canterbury remain well above the rest of the country in terms of annual house price inflation. The median days to sell a house rose by one to 36 days. Mortgage lending increased slightly in February, mirroring trends in December and January.

Annual growth in household credit sits at almost six per cent and indicates an emerging trend that credit growth is becoming more than income growth, which is one reason LVR restrictions are in place.

House prices continue to move up, though the increase in sales of higher priced units in Auckland has boosted that figure.

Easing volumes, a slight rise in the average time taken to sell and a slight moderation in credit imply the market has softened.

Building consents continue to rise and we need this to continue if the supply and demand balance continues to be swayed by extremely buoyant net migration figures.

Building consents show an improving trend with residential floor area issuance up by more than nine per cent in the three months to February.

Net migration inflow of 3840 took the annual gain to 31,900 new arrivals. Around two thirds of movement in permanent and long-term migration has come from fewer departures, and looking at the last three months the figure looks set to hit around 40,000 per annum.

Mortgage approvals are tracking at around seven per cent below levels seen at this time last year. The decline is another sign that LVR restrictions and increasing interest rates are softening the market.

## Tara's Feature Listing

15 Beulah Avenue, Rothesay Bay

[www.bayleys.co.nz/1400115](http://www.bayleys.co.nz/1400115)



### COASTAL KIWI BACH WITH EXECUTIVE CHARM

Nestled in the north facing slopes of popular Rothesay Bay this stylish two bedroom townhouse is literally a few steps away from the beach and is the perfect peaceful retreat for the end of a busy day.

The home is light and bright, extremely tidy throughout and with a brand new contemporary kitchen. Perfect for all ages and stages with open plan living flowing out through French doors to the sunny patio and lush garden. Extra large, single garage and great storage area.

With nothing to do but move in and relax, you will have time to appreciate the fantastic location. Enjoy the local beach, renowned Churchill Cove walkway or wander to the numerous Rothesay Bay Village cafes and shops.

***Whether you are downsizing, busy executives, single or starting out, this superb opportunity is not to be missed.***

# Parents buying property for children

Parents concerned about rising house prices are buying properties for their children - some while they are still at primary school. Children as young as four are having houses bought for them by parents who then rent out the property until the child can legally own it at 18. Others have started home deposit funds to help children when they become first-home buyers. The real estate person has matched investment properties with several clients who were buying for preschool and school-aged kids.

One couple are in the process of buying their second property of three for their children who are five, six and eight years old, he said.. It is usually when the children are at primary school and the parents have a bit more of a disposable income and they want to set their children up, he added.

Janet Xuccoa at Newmarket property accountancy firm Gilligan Rowe knew of many families who had started home deposit funds for children and grandchildren. "It is a very smart idea," Xuccoa said. "If they can't afford to buy a property then putting money in an account each week, if they can afford it, is sensible." Xuccoa said parents were commonly buying a property they could rent out until their child was ready to take ownership or move into it.

Matt Kynoch and wife Alicia said they would love to buy daughter Charlotte, 3, a real house one day but as a young couple they are focused on getting themselves mortgage-free. "We are scared to think what things will be like in 20 years when Charlotte looks to buy a home." The family's replica villa was for sale on TradeMe but failed to reach the \$20,000 reserve. The miniature villa has been used in a TV ad for AMI Insurance.

John Bolton from Squirrel Mortgages said parents were also using term deposits to guarantee home loans for their adult children. "We are doing at least one of these a week," Bolton said. "It is more attractive for parents because they can still earn money on the deposit and they do not have to put their house up for sale."

Source: *Herald on Sunday*

## Tara's Comment

*I would like to introduce my personal assistant, Janiene Newman. She began working for me in March and will be here on a part-time basis. I met Janiene in the first few months of 2013 whilst she and husband Scott were looking at purchasing a home in the East Coast Bays area. In August they bought a house through Bayleys Real Estate, of which I was their Agent – and very soon after, sold their home in Birkdale.*

*Janiene became interested in Real Estate as a result of searching for months for a home and going through the process of attending several auctions. Janiene and Scott have two children, Katy (9) and Lily (5) who attend Mairangi Bay School. They love the Mairangi Bay community and the beach/surrounds and are here to stay long term.*



## Tara's sales this month...

### 3 Malters Place, Browns Bay



[www.bayleys.co.nz/1400114](http://www.bayleys.co.nz/1400114)

### 56b Hastings Rd, Mairangi Bay



[www.bayleys.co.nz/1400108](http://www.bayleys.co.nz/1400108)

### 116 Wright Road, Diary Flat



[www.bayleys.co.nz/1400112](http://www.bayleys.co.nz/1400112)