



# Getting the engine warmed up...

*By ANZ chief economist Cameron Bagrie*

Confidence continues to build especially in the metropolitan centres. Weighing against this is a further lift in fixed mortgage lending rates, with the likelihood of more to come.

Mortgage rates are heading up the higher way, with the mortgage curve continuing to get steeper, and it's not hard to see the positive slope continuing. Three to five year mortgage rates are now above their decade averages, and it would be surprising to see too many people at all going into that part of the curve. Those who fixed two years ago at 9.1 percent and one year ago at 8.2 percent who are coming up for renewal will still be looking at decent savings even at the two year part.

What is clear is that more and more people will be heading into floating and fixed short term mortgages, giving the RBNZ the kind of traction they have not had in years. How long before the current mortgage curve starts to weigh on the housing market?

Household lending growth rose 0.3 percent in the month, which is still quite soft considering the pickup in the housing market. This suggests while new lending growth for housing is rising, a lot of people are paying down their existing debt. Confidence may be picking up, but it is certainly not translating into enough of a conviction to get out and invest just yet.

House sales rose 2.7 percent in September, to be up over 43 percent a year ago. Sales have more or less held on to this level of activity over the past six months, albeit with still an

upward trend. In saying this though, the number of sales is still well down from the peaks experienced between 2002 and 2007. This better illustrated once house sales are adjusted for the size of the housing stock, which shows turnover still below historical averages.

However, putting this aside, it is still clear that a shortage of listings is continuing to support prices and ensuring a reasonably quick time to sell.

Building consent issuance is now beginning to stabilise, although at this stage the pace of recovery is nothing to write home about and we need to remember that the level remains extremely low. Never the less, we are expecting further rises over the coming months.

With the housing market turnover improving, it is not at all a surprise to see the residential consent issuance begin to rise. There has been a strong historical relationship in the past, and we see little reason to why it wouldn't continue in the future. The rebound in housing has of course seen wholesale swap yields rise, necessitating an upward re-pricing of mortgage rates, and it looks to be a case of the chicken and the egg between the two.

## Recent Stats September 2009:

	Median Sell Price	Median Days to Sell
<u>ECB</u>	\$592,750	28 days
<u>Albany</u>	\$670,000	35 days
<u>Milfd/Taka</u>	\$622,500	35 days

## Recession buster: save power, save money...



Saving power in your home doesn't necessarily mean that you need to pay hundreds of dollars on the latest innovations. Yes, an investment into your property may give the biggest savings, but there are some inexpensive measures that you can take and every bit helps.

### Kitchen

- When boiling the jug, fill it with cold water
- Match pots sizes to the same element size and keep the lids on
- When defrosting food do it naturally
- Get dripping taps fixed
- Only turn your dishwasher on when it's full, and use the economy setting
- When cooking in the oven, open the door as little as possible
- Don't rinse dirty dishes under a hot tap

### Bathroom

- Take a shower instead of a bath and limit the time in showers to 5-10 minutes
- Keep the bathroom door closed at all times to reduce the moisture going through the rest of the house.
- Install a timer for your heated towel rail.

### Laundry

- Don't over-fill the clothes dryer
- Wash your clothes in cold water and dry the clothes outside as much as possible. A covered line or inside clothes rack is useful for wet days.

### Lighting:

- Fluorescent lamps are the most energy efficient form of lighting. They use only 1/5<sup>th</sup> the energy of normal light bulbs, and are ideal for rooms where lighting is required for long periods of time, such as in the living room, hallway and kitchen
- Using lamps for specific tasks may be more effective than relying on a single light in the centre of the ceiling. For instance, provide a reading lamp near the bed in a bedroom
- Turn lights off as you leave a room.

### Climate:

- Choose the right size heater for the room it will be heating
- Close the doors separating heated from unheated rooms and block off fireplaces when not in use.
- Install curtains made of thick material that generously cover the windows.

# homefront

## Tara's Comment...

If you are thinking of selling, talk to me now about our Christmas Cracker Marketing special. You do still have time to be sold before the New Year!

There are lots of buyers, and still very limited stock. Here is a selection:

- Lifestyle, Some grazing. Do Ups ok. Coatesville/Dairy Flat area. Budget up to \$1mill.

- Residential do-up, 3+ bedrooms, East Coast Bays, Budget \$600,000.

## Tara's Feature Listing

<http://www.bayleys.co.nz/201197217>



### LARGE MAIRANGI BAY SECTION

1075m site, local village and beach just a short stroll away. Explore the potential to subdivide. House and Land Packages are also available.



### Courtesy of...

Tara Menzies

Lifestyle/Residential Sales

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