



Property market has an unchanged melody

ANZ chief economist Cameron Bagrie

Last month ANZ noted the housing market was losing momentum which is a trend that has continued. Official data is showing a slowdown in mortgage lending over the end of last year, which has extended to weaker mortgage approvals to date.

With property tax changes for housing in the pipeline, ANZ predicts more of the same over the coming months.

Latest residential property data from REINZ says that January housing data has had its largest fall since March 2008 – with sales volumes falling 17 percent. Days to sell were steady at 36 days, while the house price inched up 0.3 percent in January. The housing price measure has been around the same level since October last year.

The number of building consents dropped 2.4 percent in December, and the decline in apartment consents was less stark at -1.4 percent.

ANZ still predicts building consents to recover over the first half of this year, and for residential investment to stage a strong rebound.

When it comes to mortgage lending, housing credit growth posted a 0.2 percent increase in December.

This, combined with a flat outturn for November, confirms that the place for lending has slowed from a string of 0.3 percent monthly rises since July

Early February housing loan approvals data collected by the Reserve Bank have been very slow over the year to date, much lower than in previous years, and the Reserve Bank suggests that after a recent strong run, the housing market is pausing for a break.

House sales may still be up 7.7 percent on a year ago, but the market is now slowing rapidly.

The initial rebound was a response to low interest rates, but what is becoming clear is that an environment of subdued credit growth and de-leveraging, the market does not have the capacity to kick on.

With pending changes to the tax treatment of housing, 2010 is shaping up to be a challenging year.

The Prime Ministers much anticipated speech at the opening of parliament outlined the Governments programme for 2010.

The main points regarding taxation included lower income tax, the ruling out of a land tax and capital gains tax, but the flagging of ceasing depreciation allowances to property investors.

Details remain scant but the message is clear: changes are afoot.

Tara's Current Feature Listings

<http://www.bayleys.co.nz/201283168>



Room for the kids and bring the granny too!

- 4 bedroom cedar home with 2 bedroom granny.
- Full 1088m2 site with sea views
- Peaceful & quiet yet handy to shops, schools, public transport and local beaches.

<http://www.bayleys.co.nz/201297020>



Exclusive Coatesville Country Lifestyle

- Beautiful 2½ acre block
- Quiet country cul-de-sac of elite lifestyle properties
- North facing with fully planted road frontage
- Great school zones

<http://www.bayleys.co.nz/201295475>



Mairangi Bay Unit

- Extra large 2 bedroom unit with sea views
- Courtyard, extra deep double garaging, workshop and storage room
- Auction 31st March (unless sold prior)

<http://www.bayleys.co.nz/201281874>



Why live in the city? Have all this in the country!

- Affordable 5 bedroom family home on 5 acres
- Outstanding rural vista
- Coatesville Primary and Albany Jnr High School Zones

homefront

Tara's Comment...

Well what a start to the year we have had! 2010 is certainly shaping up to be an interesting one.

The weather has been just amazing and this has of course been great for homeowners currently on the market - a sunny warm house always presents well. On the other hand, the good weather may be keeping some buyers out of the market as they focus on enjoying this fantastic summer we are experiencing.

Of course there are also other significant factors impacting the current market. To quote Glenda Whitehead from QV *"this lower level of market activity in January could be due to more people being forced to take additional leave this Christmas, and only recently returned from holidays. There are also signs of increasing indecision in the market, fuelled by uncertainty over interest rates, employment, which direction property prices are likely to move, and the recently announced tax working group recommendations"*.

We believe that the forecast for 2010 is promising. With immigration levels still high and the level of new housing development remaining subdued; there will be a shortage of quality housing which in turn should fuel demand and maintain values.



Courtesy of...

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