



Bungy-cord kicking in for housing market

By ANZ chief economist Cameron Bagrie

Lower interest rates and increases in net migration are providing support to the housing market as the bungy-cord kicks in.

REINZ housing data states that house sale volumes rose another 4.6 percent in July to be up 34 percent on a year ago, and to the highest levels since November 2007 and median days to sell fell to 36 days, the lowest since 2007.

Less is more when it comes to net migration - June saw another solid monthly migration inflow with 1,730 people arriving. This follows net increases exceeding 1,500 for the past five months and takes the 12 month total to 12,515 and the three month annualised level to an impressive 25,680.

The number of permanent departures is broadly unchanged from the level recorded in May, and is hovering around similar levels recorded in 2004, although departures to Australia continue to fall.

Fixed rate mortgage rates posted further rises over the month. The latest rise was in response to the improving data and sentiment, which has brought forward expectations of a downstream interest rate tightening and increasing the underlying cost of funds. A similar impact has occurred in Australia, with ripple effects from improving conditions on that side of the Tasman beginning to be felt here.

Mortgage lending goes on a diet, with RBNZ housing data showing total household claims rising just 0.1 percent in June following a 0.4 percent increase in May.

Considering the rebound effect that is being seen in housing market activity, this appears to be a reasonably soft result. Non-bank financials continue to reduce the size of their balance sheets, with a total household claims by this sector

contracting a further \$200m in the month to the lowest levels since October 2005.

On the whole, despite a pick up in the housing market activity, credit growth remains subdued.

The New Zealand economy looks like its emerging from a recession and a recovering housing market has been a key feature for the improvement.

Support continues to emerge from low interest rates as previously high fixed interest rates roll off and migration gains (less New Zealanders leaving).

However, challenges remain with the unemployment rate moving up from 5 to 6 percent in the June quarter - a movement never seen before.

Moreover, mortgage rates continue to rise and it's clear that borrowers are now 'paying' for certainty that locking in long term could bring.

Debate towards the housing market is raging on two levels. Is it a case of a perceived housing shortage set to force up prices? Or will steps by policymakers and the balance sheet constraint for NZ.Inc prove more binding? ANZ is firmly siding with the latter.

Deal with bad neighbours

Dealing with bad neighbours can be tricky. You live beside them, you see them everyday, and you learn little bits about their everyday life without really trying. The problem is - every once in awhile you come across a bad egg. While ignoring it works for a while, it will soon take a toll on you. Here are some tips for effectively dealing with bad neighbours.



Approach your neighbour: Many people shy away from this tactic because they're afraid of confrontation, especially if their neighbour is a stranger. To get over your fears, treat it more like a friendly chat, keeping in mind that your goal isn't to start a fight, but to explain your concern and see if you both can work something out. Sometimes people don't realize what they are doing wrong and will stop when informed.

Talk to the landlord: If they're renters, talk to their landlord about their disruptive behavior. If a neighbour disturbs your peace, their landlord may need to put an end to it. For example, the landlord might need to enforce a lease provision that sets aside certain hours as quiet time against a tenant who makes loud noise late at night. When tenants aren't at fault for the problems they cause, your landlord may be in the position to make things right.

Call an authority: If this doesn't work, you could call an authority. If it's loud music, call sound control. If they damaged your property, call the police, and ask for a police log entry to assist with insurance claims.

Take Self-Help Measures: If talking to your neighbour and landlords doesn't improve the situation, there are some things you can do on your own. Fight noise with white noise: Creating white noise can help cancel out any offending sounds from an inconsiderate neighbour. Turn on a fan or play a CD of ambient sound effects. Wear earplugs: Wearing earplugs can help ensure you get a good night's sleep or get the peace and quiet you need to do work on enjoy a book. Buy air purifiers: These nifty machines not only make the air you breathe cleaner and healthier for you, but some also mask cooking that may waft in from a house.

Be a good neighbour: Sometimes the best way to deal with a bad neighbour is to be a good neighbour. Shower your neighbour with kindness - if your out mowing your lawn, offer to mow theirs as well (a particularly handy technique when its their unsightly overgrown lawn that annoys you), send your kids over to deliverer any left over baking, bring their paper to their front door if its raining - just generally be nice. Everyone finds it difficult to annoy someone intentionally if they are being kind to them, and if they are oblivious to the things they do that annoy you, your kind actions may help them become more aware of their actions.

Don't make it worse. Going back and forth doing childish things to annoy your neighbours once they have annoyed you is NOT the way to go. Never fight fire with fire. This will only cause fuel to the flame.

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