



## December 2016 - Summary of 2016 and looking forward to 2017

In his Weekly Overview last Thursday, Tony Alexander (Chief Economist at the Bank of New Zealand) gives a quick summary of the real estate market in 2016, and looks forward to 2017.

Tony writes - "The year started with the Auckland housing market rebounding following the imposition of a 30% investor deposit requirement from October 1, 2015. We also saw high strength spreading to the regions with Auckland investors chasing yield and smaller mortgages, then locals joining in once they could see time was no longer on their side for making a cheap buy. Responding to the renewed surge in house prices assisted by reductions in the official cash rate in December 2015 and March and August 2016, the Reserve Bank (RB) abandoned their experiment with regional Loan to Value Ratios (LVR) and in mid-July required all banks to impose a 40% deposit for investors all around the country. Since then we have seen things quieten down in Auckland but less so in the rest of the country as investors continue to find properties are lowly priced compared with what they have become used to in Auckland.

"Where we sit now is waiting to see if the New Year will bring a similar return of buyers following an LVR change as happened after the October 2013 and 2015 rule changes. The odds of a rebound are decreasing as each week goes by but the possibility remains.

"Will there be a crash? No because this is not a bubble. Amazingly many people still describe the soaring Auckland housing market as a bubble and reference Ireland. But the key thing these people have missed since 2007 is that unlike foreign housing markets pre the Global Financial Crisis we have not seen, are not seeing, and will not see a housing supply surge in New Zealand. In this country we make it so difficult for anyone to build anything other than a kennel for their dog that growing supply is very difficult, with that difficulty assisted by shortages of builders, shortages of materials, and now a shortage of finance.

"There won't be a price crash, but as noted in July, we have entered the end-game for this housing cycle and if the LVR tightening undertaken in July does prove to have only a temporary impact then there will be another tightening before the middle of next year. Chances are no further move by the RB will be needed."

### Eastern Beaches area figures for November 2016

These figures include all sales by all agencies for the suburbs of Bucklands Beach, Eastern Beach, Half Moon Bay, Howick, Cockle Bay, Shelly Park, Highland Park, Farm Cove, Sunnyhills, Pakuranga, Edgewater, Botany Downs, Northpark, Dannemora, East Tamaki, Flat Bush, Whitford, Beachlands & Maraetai.

|                       | Nov 2016  | Oct 2016  | % change | Nov 2015  | % change |
|-----------------------|-----------|-----------|----------|-----------|----------|
| Total number of sales | 180       | 191       | ↓ 6%     | 195       | ↓ 8%     |
| Average Price         | 1,147,000 | 1,201,000 | ↓ 4%     | 1,006,000 | ↑ 14%    |

### Total sales for the 12 months to November 2016 for the Eastern Beaches

- 2392 sales, of which 86% were houses. The top sale in the area last month was in Cockle Bay, for a sale price of \$3,200,000.

## Property Values -

|                           |       |
|---------------------------|-------|
| Less than \$400,000       | 0.5%  |
| \$400,000 - \$600,000     | 4.6%  |
| \$600,000 - \$800,000     | 15.7% |
| \$800,000 - \$1,000,000   | 26.9% |
| \$1,000,000 - \$1,500,000 | 39.8% |
| More than \$1,500,000     | 12.6% |



## GREAT TIMING FOR A SUMMER SALE

The Ray White Eastern Beaches 6 local offices have been extremely busy in the past few weeks, putting people and property together and pulling out the stops to get people into their new homes before Christmas. We've held some extremely successful auction nights, and we are anticipating this activity will flow into 2017, so will continue to offer our **FREE** marketing programme to anyone who lists their property for sale with us – **FREE** signboard, **FREE** flyers, **FREE** DLE advertising cards, **FREE** internet listings, **FREE** auction venue & services if required.

Wishing you and your family a very happy holiday season and a safe, prosperous New Year.

Mountfort Estate Agents Ltd Licensed (REAA 2008) - 6 local offices to serve you.

Howick  
538 0688

Bucklands Beach  
535 0858

Half Moon Bay  
535 8128

Pakuranga  
576 4099

Botany Town Centre  
273 2228

Flat Bush  
272 8023