



## June 2016 - Is an Auckland property crash coming any time soon?

Auckland values continued to rise across the city in May '16, as reported by the Real Estate Institute of New Zealand (REINZ). REINZ spokesman, Bryan Thomson noted that, "We continue to see strong demand across the Auckland region. The listing situation remains very tight and vendor expectations continue to be optimistic. The supply/demand equation remains well in play for buyers and sellers in this region."

QV.co.nz, powered by Core Logic, have released an Auckland area map giving the average value and percentage rate of increase for each area to the end of May '16.



AREA	12 month change	Average Value
1. Rodney	17.8%	\$860,503
2. North Harbour	16.7%	\$1,089,841
3. Onewa	12.5%	\$887,738
4. Coastal	14.0%	\$1,268,592
5. Waitakere	16.5%	\$765,019
6. City - Central	14.8%	\$982,427
7. City - South	12.4%	\$1,012,577
8. City - East	12.8%	\$1,400,219
9. City - Islands	11.8%	\$933,331
10. Nth West Manukau	22.4%	\$706,122
11. East Manukau	16.5%	\$1,054,687
12. Manukau Central	22.7%	\$643,369
13. Papakura	20.7%	\$611,026
14. Franklin	17.1%	\$599,937
NEW ZEALAND	12.4%	\$577,829

In light of the continuing increases in Auckland house prices, several commentators are questioning whether the Auckland property market is in the midst of a bubble and can anything be done to slow down the price increases?

Jono Ingerson, Head of Research at Core Logic NZ Ltd commented in an article on QV.co.nz on 3 June '16 that "the re-acceleration of values in Auckland has once again led to plenty of discussion about what can be done to slow it down. Ultimately a lack of supply is a huge issue. The National Policy Statement released by the Government on June 2nd will require local councils to release more land for housing when demand requires it. While they have been criticised for this having little impact on the current Auckland situation, this is far more of a future strategy, to try and stop a repeat of Auckland in the future. Slowing Auckland down now is going to require intervention of some sort, and probably targeting investors who have jumped back into the market with boots on. Without this intervention I can't see Auckland values, and surrounding areas for that matter, slowing any time soon."

Tony Alexander, Chief Economist with the Bank of New Zealand, suggested in his May Property Market Update "with reference to last year's tightened rules on deposits and IRD number requirements the Reserve Bank noted

last week "...the impact of these policy changes on house price inflation is expected to be temporary". Unless house supply surges or migration collapses, house prices will rise further."

Bernard Hickey, Economic columnist for the New Zealand Herald, suggested in an online article on Sunday 19.6.16 that "the immediate reaction is that this can't last and eventually sanity will prevail, but it's worth carrying through with a thought experiment that looks at some of the key drivers of the housing market - interest rates, migration and housing supply." Bernard goes on to speculate that interest rates will probably drop, it is unlikely that migration rates will slow down any time soon, and there are few signs that Auckland's housing short-fall will reverse in the near future.

All three commentators are of the opinion that low interest rates, high migration and lack of supply will continue to push up Auckland property values. As there are no quick and easy fixes to these issues, a property crash in the near future seems unlikely.

### Eastern Beaches area figures for May 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.

	May 2016	Apr 2016	% change	May 2015	% change
Total number of sales	240	263	↓ 9%	336	↓ 29%
Average Price	1,155,000	1,104,000	↑ 5%	934,000	↑ 23%

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

- 2587 sales, of which 84% were houses. The top sale in the area last month was in Mellons Bay, for a sale price of \$3,280,000.

### Property Values -

Less than \$400,000	0.5%
\$400,000 - \$600,000	6.5%
\$600,000 - \$800,000	20.8%
\$800,000 - \$1,000,000	29.3%
\$1,000,000 - \$1,500,000	33.8%
More than \$1,500,000	9.2%



Some will say that winter is not a good time to sell your house. However, prices appear to still be climbing, listings are scarce and buyers are still keen. So, if you are thinking of selling, consider taking advantage of less competition and call me for an obligation free appraisal.

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Howick  
538 0688

Bucklands Beach  
535 0858

Half Moon Bay  
535 8128

Pakuranga  
576 4099

Botany Town Centre  
273 2228

Flat Bush  
272 8023

**Ray White**