

MARKET REPORT: Real Estate Sales – Spring 2016

by Adam Smith

It's certainly been an interesting few weeks!

First came the US election results and [the Reserve Bank cutting the OCR to its lowest-ever rate](#). Then there were the unwelcomed earthquakes, which will have a long-lasting impact. There's been a fair bit to keep economists (and everyone else) on their toes.

While we wait to see how things shape up, the latest real estate sales figures were also released.

We've cast our expert eye over the market to give you some valuable insights about how the real estate sector is faring. Our tips for sellers and buyers are a must-read.

Auckland – North Shore

We can certainly see that there are signs of a softening in the market. The [latest REINZ figures](#) show that the October 2016 sales volume for the North Shore decreased 11 percent from the year before, while the median house price for the area decreased two percent from September to October 2016. While we believe that serious buyers will still stay in the game, [they are now taking a more cautious approach](#).

The tougher lending conditions, particularly for investors and first-home buyers, mean there has also been a shift away from the [usual influx in mortgage applications heading into the end of the year](#).

These market conditions have clearly cast doubt on the most common technique for selling homes in Auckland – auctions. With a slowing in values, and fewer buyers available, we continue to question why so many sellers are still being pushed into the auction process.

The statistics support our view. Clearance rates at one recent auction were [only 22 percent](#).

Christchurch

The Christchurch market continues to remain steady and there is certainly demand for quality properties that are priced fairly.

While house prices remain relatively stable, with sales volumes decreasing slightly, we are seeing some positive signs that the recent decline in rent levels appears to be flattening off.

We are also starting to see that there is an increased opportunity for investors to purchase quality investment property at a good rental yield, with some increased interest from buyers outside of Christchurch.



Wellington

Many predicted that the growth in the Wellington market would emulate the Auckland trend. As with Auckland, the softening in sales volumes in the capital city is apparent here too.

The [QV Report for October 2016](#) observed Wellington's average house price was up 21.1 percent from 12 months ago and the rate of increase has started to slow. But, now with the recent earthquakes and ongoing building structural concerns for inner city Wellington, exactly what is next for the market is unknown. What we do know for certain is that the [insurance embargo needs to be lifted](#).

Our tips for sellers

- *List your property over summer.* The December/January period is an ideal time to sell. There are traditionally fewer listings, which means less competition for you. Buyers also tend to be qualified, so you'll avoid any tyre-kickers.
- *Avoid the auction process altogether.* Other than having a fixed marketing and sale period, selling via auction gives you absolutely no advantage. You risk the danger of [failing to achieve your property's true market value](#), or not getting any bids at all.

Our tips for buyers

- *Get ready.* It's a great window for qualified buyers, who are ready with pre-approval from their bank.

If you want to know more about the Auckland, Christchurch and Wellington markets, please [get in touch](#) with us.