MONTHLY MARKET REPORT

NOVEMBER 2023

The New Zealand housing market is buzzing with activity!

According to the latest Realestate.co.nz monthly statistics, almost every region, barring one, is witnessing an uptick in property values this quarter. From Otara to Herne Bay, at both ends of the spectrum, we're looking at around a 7% increase, creating waves in both the priciest and most affordable suburbs.

Nationwide, the average property value has jumped by 2% (that's a sweet $19,000) in the three months leading up to November, settling at a robust $968,000. With a combination of low housing supply and a surge in buyer demand, the pressure on prices is mounting.

November 2023

Otago takes the crown for the most significant quarterly rise, boasting a 2.8% increase over the last three months, pushing property values to $944,000. Auckland and Wellington are not far behind, clocking in at 2.5% and 2%, respectively.

According to OneRoof editor Owen Vaughan, Auckland's housing scene is heating up. The most significant quarterly growth is happening in Manukau and Franklin, with a focus on first-home buyers. The North Shore and Remuera are also stepping up their game, injecting serious momentum into the higher-priced markets. Beyond the urban sprawl, Northland, Nelson, and Taranaki are finally catching the growth bug, leaving West Coast as the lone ranger still in decline. (Just six months ago, West Coast was the only region showing an upswing over the quarter.)

Locally, it's been a game of two coasts for us. While Richardson's sales numbers are ahead of last year it's been our Hauraki offices doing the heavy lifting. Thames, Whitianga and Coromandel Town have seen steady increases of sales coming into summer, but beach suburbs like Pauanui, Tairua, Hahei, and Cooks Beach have faced ongoing challenges without a direct route from Kopu. The good news is that's about to change next week when SH25A reopens!

The overall picture is notably positive. More appraisals, more listings, and buyers are starting to show up at open houses, particularly for the new listings. Residential and rural/lifestyle sales are catching good vibes and seeing an uptick. It's like the local real estate scene is getting its groove back.

Post-Election, the coalition agreements signed by the National, ACT, and NZ First parties bring good news for residential property investors. Not only will they witness a loosening of residential tenancy rules, but they'll also regain 80% interest expense deductibility from April 1 next year and 100% deductibility a year later.

The big question: Will this prompt a return of property investors? Well, maybe. But it's worth noting that interest rates are likely to remain on the higher side for a while. Additionally, the costs associated with being a property investor, such as insurance, maintenance, and rates, are still on the rise.

Here's a quick overview of other property changes:

Plans are in motion to revamp the RMA to streamline land development, but given the current building costs, will it truly make a difference?

The Credit Contracts and Consumer Finance Act is also undergoing a facelift. Don't worry; protection for vulnerable consumers is staying put. However, the restrictions imposed on other borrowers by the previous government are set to be rolled back, which bodes well for credit access and housing demand.

Oh, and immigration rules are getting a tweak too. More people might be given the green light to enter the country, further adding to the housing demand.

So, buckle up, folks—2024 is shaping up to be an intriguing ride in the property world!