

It's Been a Good One..!

2013 in review can be called a good year – a good year for both sides of the selling and purchasing equation. Throughout most of the year, normal sales forces have been present. I have had a good supply of property coming on to the market for sale, and normal numbers of buyers looking to purchase. The last month has shown an alteration to that trend, whereby the Reserve Bank's requirement for a 20% deposit for first home buyers has had an effect right across the market on all levels up to \$1 million. After \$1 million, dare I say it, these people are older and more experienced, and are less vulnerable to whatever breeze is blowing through the market, being well established and normally don't require heavy mortgage payments. In regard to the lending criteria, you may say first home buyers don't buy lifestyle property – true, but there is only one market, albeit with various categories, i.e. residential, lifestyle, etc. Lifestyle is certainly affected by happenings in the residential market, as purchasers move backwards and forward throughout the market. To illustrate the effect of the Reserve Bank's decision, let's say we have a money stack starting at \$300,000 and going up to \$1 million in \$50,000 increments. In order for the market to operate, there needs to be movements between price brackets. If first home buyers aren't purchasing in the \$300,000 - \$400,000 bracket, there is no movement, thereby not allowing the \$300,000 - \$400,000 bracket to move forward as is normal in the New Zealand market.

Looking forward, I believe this will be a short-term hiccup in the market, and I expect normality to return by February. In a casual conversation with a highly respected valuer the other day, he agreed and pointed out there are some very strong balance sheets company-wise to be announced early in the new year, and the expectation is that upper level properties will sell well as a result of these favourable balance sheets. Interestingly, the figures that have just been released from Quotable Values show that in general terms, the market is sitting more or less at the same values as applied in 2007, so we have had the dip post-recession and there has been good recovery to this point. One would normally expect values to go on increasing, albeit at a slower level than prior to 2007.

Waikato Sales Comparisons:

	October 2011	October 2012	October 201
Numbers of sales	149	194	196
Median price	\$425,000	\$465,000	\$443,000

As a comparison, my sale price median for the year is at the moment \$702,000, reflecting the number of higher priced that I have handled this year.

If you're thinking of selling and onward purchasing, why not make your plans now and take advantage of the growing optimism in the marketplace. We are always searching for property for buyers. I have the knowledge and experience to help you today.

In the meantime, please take time to enjoy this wonderful season of sun and fun.

Lugton's
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Murray Green

Licensed Real Estate Agent (REAA 2008)

Rural/Lifestyle Consultant

Bus 07 838 3800 **Mob** 0274 762 648

Email murray@murraygreen.co.nz

www.murraygreen.co.nz



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