

Looking Forward With Optimism

In my previous newsletter, I spoke of the market just starting to burst into life. Apart from a lull in January/February, that process has continued and we are looking at a strengthening market, certainly in the number of sales taking place in the lifestyle market, more especially in developed property. Sale prices are best described as steady to firm, with the longer term outlook optimistic in terms of values. In the highly preferred areas, section prices have risen quite substantially, almost back to previous levels, but in other areas, they are a hard sell unless they are priced competitively. Purchasers are more aware of the cost involved in developing a bare section. The expenses only start with the purchase of the land and the erection of a house – it is the finishing touches where the real money is spent.

As a snapshot of the last six months in the Waikato region, figures returned to the Real Estate Institute show that in the following price brackets, the percentage of sales were:

✓ \$800,000+	13.3%
✓ \$600,000-800,000	25.5%
✓ \$400,000-600,000	25.5%
✓ \$300,000-400,000	13.3%
✓ \$0-\$300,000	22.4%

There were only two sales in excess of a million dollars during that period with land size under 3 hectares.

My last twelve sales this year have ranged in value from a section sale at \$240,000 through to a superior lifestyle home at \$1,060,000. In reviewing my recent sales, the sale price relative to the rateable value ranges from -21% to +19%, just illustrating that rateable value is not a guide to market value.

While we are in the depths of winter, don't hunker down – plan for action now. Most people do not realise that there is always a shortage of stock. Conversely, there are always purchasers looking to buy, so the market needs a constant supply of property to satisfy the demand, which is increasing with the confidence being shown in the general market, which has been well reported by many commentators.

A factor that may not have such an impact in the lifestyle market is the upcoming change in the housing loan to valuation ratios, where there will be stricter rules enforced on the banks to control lending to purchasers with less than a significant deposit. First property purchasers tend not to be purchasers of developed lifestyle block, but rather of lifestyle sections.

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.



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