

Riding the Wave

Many commentators produce market information which is just connected with residential real estate sales and trends. Here is my take on the other significant part of the market – the lifestyle market. Residentially, we now know that for 2016 to this point prices have increased by at least 20%+ over the previous year. These figures are strongly influenced by investors purchasing, Aucklanders being driven from their market and finding their dollar goes further in the Hamilton market, and to a certain extent, overseas buyers. At this stage it is not identified where the Asian buyers are coming from, but I suspect it will be confirmed that those holding student visas will be a significant portion. The lifestyle market, on the other hand, has been influenced to a certain extent by Auckland buyers – it has always been a factor that out of town buyers seem to value our stock more than the locals, and of course the returning ex-pats. This is never more clearly illustrated than in my table below, which shows 2015 quarter – 2 property sales over a million, and 2016 quarter – 13 property sales over a million, surely a sign of a marketplace feeling comfortable with itself. Yes, we are riding a wave – a wave of optimism – but I do not foresee the wave peaking and falling off in the near future. The lifestyle market is a much more settled market, and exaggerated trends that are seen in the city, seldom in my 23 years in real estate, have I seen a similar effect in the lifestyle market.

Another sign of the confidence is the total sales for the 2016 quarter being 45% ahead of the previous year. The figures speak for themselves – the only other comment I would make is that the average sale price increase quarter on quarter, 29%, is perhaps a little rose-tinted, given the huge increase in number of sales over a million dollars, which will have distorted the average sale price upwards significantly. The increase in million dollar+ property sales are not the result of bracket creep, but are genuine top-of-the-line examples.

Lifestyle Sales: 0-3 hectares, Waikato District

	Jan – Mar 2015	Jan – Mar 2016
Total Sales	51	74 (+45%)
\$0-\$500,000 bracket	23	28
% of total sales	45%	38%
\$500-\$1,000,000 bracket	26	33
% of total sales	51%	45%
\$1,000,000+ bracket	2	13
% of total sales	4%	17%
Average Sale Price	\$554,225	\$715,805 (+29%)

A trend that has developed quickly is the testing for methamphetamine, even in upmarket properties. Vendors should not be offended. There have been instances where unbeknown to the occupants, a guest has smoked somewhere in the house and that's enough to produce a positive test result. In the first instance, a test will cost around the \$150 mark and will indicate a negative or positive result. If a positive is identified, a more comprehensive test and clean up ranges from \$2000 to removal of internal wall cladding, etc – a very difficult product to remove.

If I (lifestyle) or my wife Lynn (residential) can help in any way with your real estate needs, please contact me as below. Just phone the office and if we are not available, Alissar our PA will look after your needs. After 23 years in real estate, we still enthusiastically look forward to helping our loyal clients and discovering and assisting new entrants to the market. All it takes is just a phone call.



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