

Market Comment **April 2018**



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The release of the REINZ statistics for April continue to show how strong and steady our Real Estate market is in New Zealand and Christchurch.

Across the country there is still an obvious healthy appetite for Real Estate and the REINZ figures show us that sales volumes and listing volumes are still strong and steady with some areas still showing good steady increases .

Here in Christchurch we saw an 8% growth in available stock numbers this last month in comparison to a year ago, and it is this extra availability of stock that provides us with more sales opportunities, and as a consequence, sales also increased by 12% in comparison to April last year.

From a Real Estate perspective this is good for Christchurch, the last thing we all either want or need is a market that is going bad. There is no doubt that for most of us, our wealth and value is tied up in property. For this reason, it is pleasing to see some of the rhetoric and media commentary around containing a rampant housing market in New Zealand has abated. It is noticeable that even

the Reserve Bank are making media statements that they see no reason to change the official cash rate in the near future or for major intervention now that we are seeing a strong but more importantly stable market conditions across the country. There is little doubt that Auckland prices are steadier now in comparison to recent times and there has been little price movement for a few months now, while here in Christchurch we had our boom prices two years ago and we have seen minimal movement since as we all know. The median sale price for April is stated at \$447,500 while two years ago it was \$450,000. Here in Christchurch it's noticeable the steady property values have encouraged the first home buyers back into the market, obviously assisted by the relaxing of the LVR's earlier this year. If further proof of our local steady stable market is required, look no further than the HPI (housing price index) for Christchurch, currently it's measured at 2349 while 4 months ago it was 2350.

So where to from here?

As already mentioned and well documented - New Zealand is in quite a healthy position currently. Our economy is strong, interest rates are low and not expected to rise, immigration is steady, unemployment is at an all time low level, and we still have a large housing shortage that won't be going away in the near future. This all sounds reasonably good however we do have a couple of looming spectras that could potentially have a softening effect at least for a short time.



Most punters see a Capital Gains Tax as inevitable, literally it's just a case of when. This government shows all the signs that it will be sooner rather than later (watch next week's budget announcement), Capital gains Taxes exist in some countries overseas and while personally we don't want to see it introduced, I think most of New Zealand will be unaffected provided it is not levelled on the family home.

The other possibility and this is one we are led to believe is dear to the heart of the Reserve Bank, is the possible introduction of a debt to income loan ratio, there is no doubt that will slow down borrowings and

has the propensity to change the landscape going forward. Currently however with the market locally and nationally no longer the rampant beast it once was, the government may be a little wary of introducing any new legislation that could have a further slowing down effect on our national wellbeing, particularly when they have something like the mycoplasma Bovis issue, showing signs of potentially having a major effect on our biggest earner; the dairy industry.

In the mean time it is very much steady as she goes with good stable signs indicating we are in for a good winter market here in the Canterbury region.

If you want the opportunity to exceed your expectations then you need to be talking with the best and largest real estate team in Christchurch, quite simply 'more salespeople, mean more eyes are on your property, which gives you more opportunity to sell and exceed your expectations, and here at Harcourts we like doing that for our clients.