

Street

smart

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WHY HOME BUYERS THINK NOW IS THE TIME

There's an old saying in real estate: it is always a good time to buy property - but there are better times than others. If you are interested in low borrowing costs and prices likely to rise a bit, now is one of them.

A lot of buyers certainly do think the time is ripe: compared to last June, sales rose more than 20 percent in the Auckland, Nelson/Marlborough, and Waikato/Bay of Plenty regions. Auckland dominates the market, with sales representing 40 percent of the national volume, the Real Estate Institute says.

All that spending is driving prices up in Auckland: while the median price eased slightly from May, it is up \$16,000 from the same time last year. Prices on the North Shore and Manukau are also recovering, approaching levels similar to the peak of the market in 2007.

Reserve Bank interest rates are the lowest they have been since 1965, and looser lending criteria has opened doors for buyers with small deposits but good incomes. Also, more sellers are ready these days to "meet the market," accepting more realistic prices than the over-valued days when the market peaked.

All this has market watchers feeling more confident. Reserve Bank Governor Alan Bollard says, "There are signs the housing market has bottomed out and it is showing the signs of a bit of growth, though we are really not seeing the preconditions for any big rise in house prices."

Tony Alexander, BNZ chief economist predicts we are at the start of a cyclical upturn in the housing market that is being driven by an improving labour market, increasing rents and a growing awareness of the shortage of houses.

Keith Niederer, LJ Hooker New Zealand general manager, says, "Buyers realize the conditions are favourable and in Auckland, they feel that they have already missed the best deals. They see prices rising, they know there is a shortage of supply, and they are becoming very determined customers in our auction rooms."

MEDIAN HOUSE PRICE	June 2009	June 2010	June 2011
Whangarei	\$293,500	\$280,000	\$290,000
Auckland	\$435,000	\$445,000	\$461,000
Hamilton	\$330,000	\$350,000	\$315,000
Tauranga	\$367,000	\$330,000	\$350,000
Palmerston North	\$270,000	\$278,000	\$280,000
Wellington	\$375,000	\$405,000	\$380,000
Canterbury	\$295,000	\$325,000	\$300,000
Dunedin	\$225,000	\$243,000	\$235,000
Invercargill	\$190,000	\$188,500	\$185,000

Real Estate Institute of New Zealand.



FIVE BUDGET HOME IMPROVEMENTS

Finding your home a bit stale and boring and wishing you could move? Then you are in the same boat as a lot of people, who want to shift homes can't find something to buy, due to a shortage of listings, or who can't quite afford the home they want. Here's how to make your home more livable while you are waiting.



1. Paint: Paint is just about the cheapest way to improve the look of your home. For the most bang for the buck, concentrate on the focal areas of your home.

2. Update window treatments: use high contrast colours that play up your new paint job for a dramatic improvement. (Image: resene.co.nz).

3. Area rugs: Large area rugs hide damage and draw the eye away from worn traffic areas. Have a couple metres of carpet bound to size - it's less expensive than buying ready made rugs.

4. Clean up: Giving the house a good cleaning and de-cluttering goes a long way towards making it more attractive and livable.

5. Convert a room to a new purpose: Relieve your spare room of that junk collection and give it new life - add a bed and a book shelf for guests, or a desk and a rug for a home office.

COURTESY OF... YOUR OFFICE

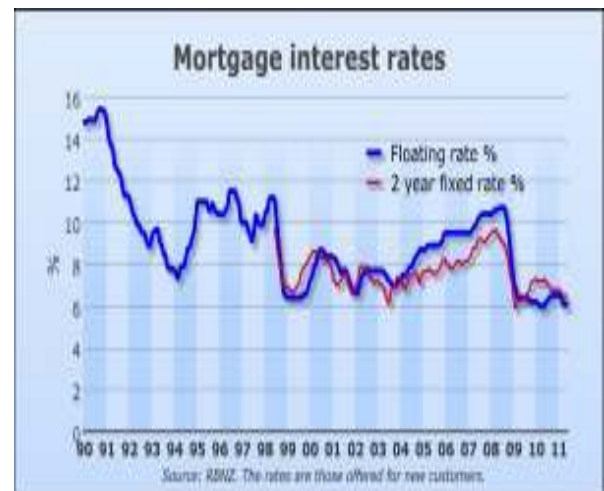
LOW INTEREST RATES HELP BUYERS SAVE A BUNDLE

Low interest rates and flat prices around the country are keeping homes at their most affordable levels in seven years, according to the Roost Home Loan affordability report. But the cheap money won't last forever: rates are predicted to rise this spring.

Here's an example of how much today's buyers are benefiting. If you bought the median priced house in Hamilton in June 2009, you would have paid \$330,000. Today, the price is a bit lower, or \$315,000, and mortgage rates have dropped from about 9 percent to about 6.5 percent.

The difference in payments is huge. Two years ago, you would have paid about \$2500 a month for the house with a 10 percent deposit. Today, you would need just \$1900 a month - a savings of \$600 per month.

The chart below from the Reserve Bank of New Zealand illustrates how far mortgage rates have fallen.



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