

# The PROPERTY REPORT

## LABOUR BELIEVES PROPERTY VALUES WILL KEEP GOING UP

Capital Gains Tax (CGT) has been muted for as long as I can remember but until this year's election no political party has been brave enough to say they would introduce it.

With over 200,000 property investors in New Zealand plus every person who inherits a family home being at risk of paying property sales tax, such policy could, and probably did, drive some voters to an opposition party.

For a political party to make Capital Gains Tax an election promise they must have been sure it would achieve the desired outcome.

First, they would only consider Capital Gains Tax if they believed that there would be capital gains. And Capital Gains Tax could only produce enough revenue to balance the books by 2014 if we are going to have significant capital gains and plenty of selling activity before then.

Labour might have assessed that their core and marginal voters would like the concept of taxing people who become rich through property investment, that their supporters either don't have a property inheritance coming to them, they don't own investment property and/or a Capital Gains Tax would not change enough of these voters to affect the election result.

Or perhaps another purpose behind introducing Capital Gains Tax was to encourage property investors not to sell their rental properties, which in turn could help ease the pressure and cost on the

state to provide housing for those who can't afford, or don't want to own, their own homes. Let's face it, Capital Gains Tax or not - New Zealanders will keep buying rental properties. If Capital Gains Tax caused investors to hold on to their rental properties longer, the number of private rental properties in New Zealand would increase in the medium term.

Commentators have speculated that the low turnout of voters was, in part, due to many disagreeing with the sale of state assets. New Zealanders agree that owning assets is good. They can help us out in tough times, even if that means selling them. What would we do if we didn't have assets to sell?

As we come to the end of the year, let's reflect. If Capital Gains Tax was introduced at the beginning of 2011 it would have produced very little revenue for the government this year. Market prices have been very flat, so why are investors still buying?

They usually name one or more of the following reasons: they trust property as a safe superannuation savings plan; prices are looking good; the rental income returns are very good; they can leverage against other property; they can sell them if they have to or, like the Labour party, they believe that in the near future property will have significant capital growth.



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## Hutt Valley Rental Statistics

### Rental Returns for October 2011

	BEDROOMS	MEDIAN RENT	RENT RANGE LOWEST - HIGHEST	% CHANGE FROM OCT 10	NO. LET
<b>Northern Lower Hutt</b>	ONE	\$185	\$135 - \$220	28	13
	TWO	\$280	\$240 - \$292	0	25
	THREE	\$340	\$330 - \$370	3	22
	FOUR	n/a	n/a	n/a	0
<b>Southern Lower Hutt</b>	ONE	\$198	\$189 - \$237	-1	15
	TWO	\$290	\$267 - \$350	-2	37
	THREE	\$390	\$357 - \$425	3	28
	FOUR	\$450	\$396 - \$485	-14	9
<b>Wainuiomata</b>	ONE	n/a	n/a	n/a	0
	TWO	\$219	\$210 - \$230	-7	6
	THREE	\$305	\$290 - \$317	2	20
	FOUR	n/a	n/a	n/a	0
<b>Upper Hutt</b>	ONE	\$160	\$130 - \$192	0	11
	TWO	\$225	\$200 - \$255	-2	32
	THREE	\$350	\$330 - \$370	4	25
	FOUR	\$400	\$385 - \$443	-5	11

**Median** - the middle value when all of the data is placed in order of value.

**Source - Sales Statistics:** REINZ website and Professionals Hutt City Ltd MREINZ records.

These statistics are for residential dwellings and do not include sections.

**Source - Rental Statistics:** Tenancy Services Bond Centre. These statistics are derived from information gathered from bonds lodged at the Department of Building and Housing.

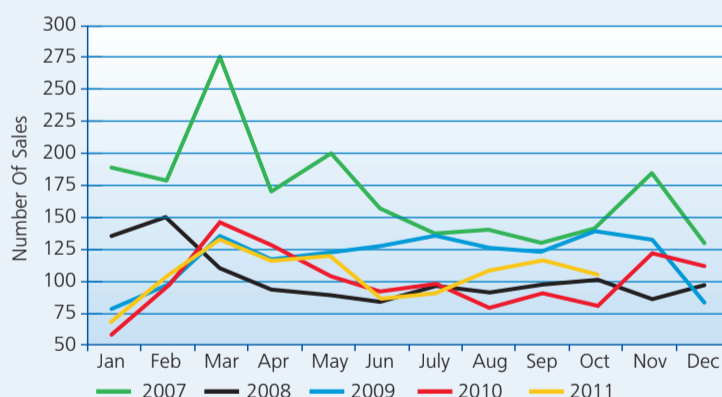
## Lower Hutt Sales Statistics

### August - October 2011

SUBURBS	MEDIAN SALE PRICE (\$)	MEDIAN SALE PRICE % CHANGE		NUMBER OF SALES	VS LAST YEAR	MEDIAN DAYS TO SELL	VS LAST YEAR
		1 YEAR	3 YEARS				
Alicetown	460,000	3	4	7	↑	34	↑
Avalon	338,000	-6	4	9	↓	24	↓
Belmont	353,500	-22	11	6	→	39	↑
Boulcott	513,750	-19	10	8	↑	55	↑
Central Hutt	502,500	12	10	22	↑	45	↑
Eastbourne & Bays	631,000	2	2	15	↓	35	↓
Fairfield	475,000	-	-	-	-	-	-
Harbourview	415,250	-	-	6	↑	67	↑
Kelson	365,000	4	12	15	↑	23	↓
Korokoro	357,500	-	-	-	-	-	-
Manor Park	270,000	-	-	-	-	-	-
Maungaraki	404,500	-4	17	13	→	32	↑
Moera	285,000	-	-	-	-	-	-
Naenae	232,500	-7	-6	24	↑	35	↓
Normandale	407,000	-	-	-	-	-	-
Park Ave	405,000	-	-	-	-	-	-
Petone	470,750	8	27	26	↑	36	↓
Stokes Valley	280,000	-11	8	39	↑	35	↓
Taita	234,000	-	12	15	↑	39	↑
Tirohanga	414,000	-	-	-	-	-	-
Wainuiomata	219,000	-18	-12	59	↑	50	↓
Waiwhetu	364,050	13	18	14	↑	41	↑
Waterloo	341,250	-5	-9	14	↑	26	↓
Woburn	630,000	6	33	9	↑	22	↓

\*For accuracy purposes, suburbs with less than five sales in the period have been excluded from this analysis.

### Lower Hutt Residential Property Sales



## Regional Round Up

### August - October 2011

SUBURBS	MEDIAN SALE PRICE (\$)	MEDIAN SALE PRICE % CHANGE		NUMBER OF SALES	VS LAST YEAR	MEDIAN DAYS TO SELL	VS LAST YEAR
		1 YEAR	3 YEARS				
Lower Hutt	326,075	-11	1	322	↑	37	↓
Upper Hutt	325,000	-3	8	175	↑	34	↓
Porirua	425,000	10	17	154	↑	43	↓
Wellington	467,750	0	6	618	↑	29	↓
<b>MAIN CITIES</b>							
Auckland	515,500	4	11	1960	↑	31	↓
Hamilton	334,250	1	0	514	↑	38	↓
Christchurch	350,000	4	13	1251	↑	32	↓
Dunedin	250,000	0	6	531	↑	32	↓

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**Professionals**

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