

# The PROPERTY REPORT

## IGNORANCE IS BLISS

It seems the Government and the Reserve Bank seem blissfully unaware of the consequences of proposed legislative changes to the rental property market.

"Suggestions that residential rental property investors should no longer be able to claim losses against their taxes pose a huge threat to the quality of the New Zealand rental property stock," said Murray Cleland, the National President of the Real Estate Institute of New Zealand.

Currently, there's good quality residential property stock which is largely the result of supportive residential property investors. However, if tax deductibility on repairs, maintenance and interest cost is removed, this stock will begin to disappear or be allowed to come to a state of disrepair.

John Ross of Professionals Hutt City noted, "investors are already yielding low profits with the current high interest rates; if not able to claim their expenses, investors will have to raise rents or perhaps may choose to not properly maintain their property." Investors are looking for profit, not losses, and many might even be tempted to sell at this point.

Then again, with talk of a Capital Gains Tax, investors will have to think long and hard about selling a property to justify handing over part of their return to the Government.

As a result, property investors will most likely have to put up rents in the short term to improve their return and in the long term, the private sector's essential involvement in providing good quality rental accommodation will be seriously deterred.

Another drawback of the Capital Gains Tax is fewer investment properties coming up for sale, resulting in even higher prices and the first home affordability will climb to even higher stages of crisis.

While both the Reserve Bank and the Government should feel free to ponder how the state can best control the private property market, they should consider the practical implications before implementing their idealistic notions.

John Ross  
Professionals Hutt City



## did you know?

In May this year the median house price in Lower Hutt was \$347,000, five years ago in May 2002 the median Lower Hutt house price was \$183,000, and ten years ago the median house price in Lower Hutt was \$137,000!

That's an increase of 153% in 10 years!

Source: REINZ website, www.reinz.co.nz



## Focus on ... Maungaraki

June 2006 - May 2007

	MEDIAN SALE PRICE	NUMBER OF SALES	MEDIAN DAYS TO SELL
June 2006	\$340,000	7	25
July 2006	\$381,250	8	34
August 2006*	-	-	-
September 2006	\$345,000	9	17
October 2006	\$380,000	5	22
November 2006	\$330,700	5	30
December 2006	\$390,000	7	45
January 2007	\$349,000	10	14
February 2007	\$395,000	13	12
March 2007	\$440,000	10	20
April 2007	\$433,000	5	18
May 2007	\$399,250	6	24



**Median** - the middle value when all of the data is placed in order of value. The median is a better indicator of value in the middle of the range than the average figure, as the average can be influenced by 1 or 2 extremely high or low values.

**Source** - REINZ website and Professionals Hutt City Ltd MREINZ records. These statistics are for residential dwellings and do not include sections.

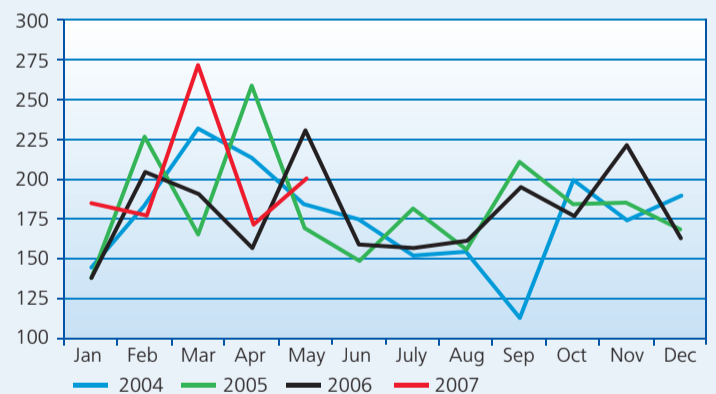
## Lower Hutt Statistics

March - May 2007

SUBURBS	MEDIAN SALE PRICE	NUMBER OF SALES	VS LAST YEAR	MEDIAN DAYS TO SELL	VS LAST YEAR	MEDIAN SALE % CHANGE 1 YEAR	3 YEARS
Alicetown	\$385,000	19	↑	24	↑	10%	20%
Avalon	\$345,000	32	↑	25	↑	1%	25%
Belmont	\$420,650	24	↑	29	↓	20%	32%
Boulcott	\$488,500	12	↑	26	↓	13%	63%
Central Hutt	\$435,000	29	↓	22	↓	-4%	13%
Eastbourne & Bays	\$641,000	45	↑	40	→	16%	34%
Fairfield	\$422,500	15	↑	35	↑	31%	75%
Harbourview*	\$460,000	7	-	-	-	-	61%
Kelson	\$364,150	25	↑	30	↑	23%	65%
Korokoro	\$337,500	6	↓	25	→	-15%	33%
Manor Park*	-	-	-	-	-	-	-
Maungaraki	\$443,000	23	↓	25	↓	30%	88%
Moera	\$286,000	7	↑	33	↑	6%	*
Naenae	\$290,000	44	↑	21	↓	32%	81%
Normandale	\$380,000	16	↓	30	↓	11%	41%
Park Ave	\$470,000	10	↑	15	↓	38%	78%
Petone	\$425,000	35	↓	26	↓	17%	42%
Stokes Valley	\$295,000	61	↓	24	↓	25%	90%
Taita	\$261,000	29	↓	28	↓	16%	69%
Tirohanga	\$546,000	9	↑	49	↓	43%	53%
Wainuiomata	\$265,000	135	↑	23	↑	33%	103%
Waiwhetu	\$365,100	15	↓	29	↓	26%	47%
Waterloo	\$426,000	31	↑	31	↓	15%	37%
Woburn	\$720,000	17	→	30	↓	20%	62%

\*For accuracy purposes, suburbs with less than 5 sales in the period have been excluded from this analysis.

## Lower Hutt Residential Property Sales



## Regional Round Up

March - May 2007

OUR REGION	MEDIAN SALE PRICE	NUMBER OF SALES	VS LAST YEAR	MEDIAN DAYS TO SELL	VS LAST YEAR	MEDIAN SALE % CHANGE 1 YEAR	3 YEARS
Lower Hutt	\$335,000	647	↑	27	→	22%	43%
Upper Hutt	\$320,875	310	↑	18	↓	24%	54%
Porirua	\$380,000	237	↓	23	↓	21%	53%
Wellington	\$476,000	1,227	↓	22	↓	18%	40%
<b>MAIN CITIES</b>							
Auckland	\$502,500	3,264	↑	28	↓	19%	34%
Hamilton	\$337,000	903	↓	27	↓	12%	67%
Christchurch	\$329,000	2,502	↓	23	↓	14%	46%
Dunedin	\$253,000	797	↑	25	↓	8%	37%

Red, enough said.



Professionals

hutt city limited MREINZ