

The PROPERTY REPORT

What does the 2007 Budget mean for Real Estate?

Many people are wondering how the 2007 budget will affect the property market and their situation in particular. Here, we break it down to simplify the changes and how it might affect you.

Future homeowner

The government realises housing affordability is becoming a growing issue for potential homeowners as prices continue to steadily creep up, regardless of the Reserve Bank's consistent increases of the interest rate.

The proposed KiwiSaver allows eligible persons to contribute up to four percent of their income into the program while receiving a match from their employer as well as a subsidy of \$1,000 a year (max of \$5,000) towards a first home deposit.

In addition, the government has set aside \$1.4 million for a Shared Equity scheme for first time homeowners in which the government takes a percentage share of the property ownership. The homebuyer takes out a mortgage for the remainder of the balance and when the home is sold, the Government recovers their funds plus a share of any gain on the property value.

In the short term, these initiatives may increase the pressure on the lower end properties as it increases the number of potential buyers in this range. However, these initiatives also allow those with long term property aspirations to climb onto the property market ladder.

Current homeowner

With the existing high interest rates, KiwiSaver might not benefit a current homeowner as much as a person saving to own their first home. While KiwiSaver allows a percentage of saved funds to go towards a mortgage tax free, some homeowners might be better off putting those funds directly towards their mortgage to reduce the amount of interest being paid in the long term.

However, the 2007 budget has also set aside \$70 million over the next four years to help families live in energy efficient healthy homes which will benefit homeowners across the board.

Investor

Minimal help is available in the 2007 budget for those investing in the property market. Short and medium-term investors have been targeted for close IRD scrutiny which means they will be ineligible for tax rebates and liable for tax on financial gain. This does not affect the long term property investor as the tax benefits for this group remain unchanged.

Summary

Depending on your current homeownership status, the 2007 budget could have minimal impact or it could help give you that push you need towards homeownership. One thing is clear, however; the nations favourite pastime of property isn't going to lessen in popularity anytime soon!

DISCLAIMER: This article should not be taken as legal advice. Prior to making changes to your situation, please see your financial advisor.



John Speaks Out

JOHN ROSS, PROFESSIONALS HUTT CITY

I believe Dr. Cullen has the interest of this nation at heart. What I don't know is whether his emphasis is right. Should we be giving incentives to people to pay off mortgages or to direct this money to fund managers instead?

As the fund managers accumulate their millions in saving, some of those saving will boost our share market as they are invested in the NZSX. Whether this is good or bad for the nation, I am not qualified to know.

What we do need to do is help people save for and own property. Accommodation is a basic need, yet to supply it, this country has created far too many obstacles and not enough opportunity.

The obvious response for those who have a mortgage and wish to open a KiwiSaver account is to nominate their contribution to go towards reducing their mortgage.



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.

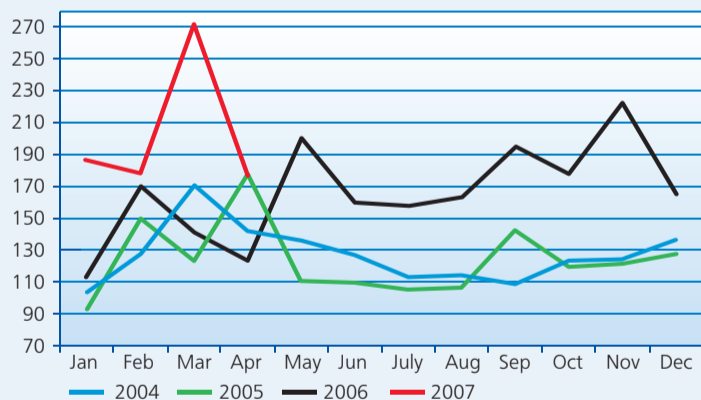
Lower Hutt Statistics

February - April 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	\$382,500	20	↑	24	↓	10%	14%
Avalon	\$351,000	31	↑	25	↑	13%	32%
Belmont	\$410,750	22	↑	24	↓	20%	59%
Boulcott	\$476,000	9	→	25	↓	19%	68%
Central Hutt	\$455,000	32	↑	32	→	0%	34%
Eastbourne & Bays	\$634,500	40	↑	44	↑	15%	35%
Fairfield	\$382,000	19	↑	30	↑	16%	44%
Harbourview	\$460,000	7	↑	37	↓	*	78%
Kelson	\$356,000	23	→	25	↑	22%	74%
Korokoro	\$365,750	10	↑	30	↑	-10%	38%
Manor Park*	-	-	-	-	-	-	-
Maungaraki	\$409,250	30	↑	20	↓	22%	70%
Moera	\$278,250	6	↓	24	→	10%	*
Naenae	\$265,000	41	↑	20	↑	19%	66%
Normandale	\$400,000	15	↓	63	↑	18%	42%
Park Ave	\$372,500	10	↑	40	↑	3%	49%
Petone	\$422,500	38	↓	27	↑	12%	42%
Stokes Valley	\$284,000	59	↓	21	↑	26%	81%
Taita	\$262,000	27	→	32	↑	19%	74%
Tirohanga	\$570,000	9	↑	45	↑	50%	80%
Wainuiomata	\$259,000	125	↑	22	↑	33%	99%
Waiwhetu	\$350,000	17	↓	23	↓	21%	39%
Waterloo	\$413,000	25	↓	30	↑	13%	49%
Woburn	\$620,000	11	↓	30	↓	26%	43%

*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

February - April 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	\$326,500	626	↑	25	→	17%	49%
Upper Hutt	\$320,000	318	↑	18	↓	23%	62%
Porirua	\$365,000	198	↓	25	↓	16%	40%
Wellington	\$470,000	1,198	↓	22	↓	16%	39%

MAIN CITIES	MEDIAN SALE PRICE	NUMBER OF SALES	VS LAST YEAR	MEDIAN DAYS TO SELL	VS LAST YEAR	MEDIAN SALE % CHANGE 1 YEAR	3 YEARS
Auckland	\$493,000	3,169	↑	28	↓	17%	37%
Hamilton	\$335,500	949	↑	27	↓	14%	64%
Christchurch	\$325,000	2,616	↑	23	↓	14%	45%
Dunedin	\$250,000	820	↑	25	↓	9%	39%

Red, enough said.



Professionals

hutt city limited MREINZ