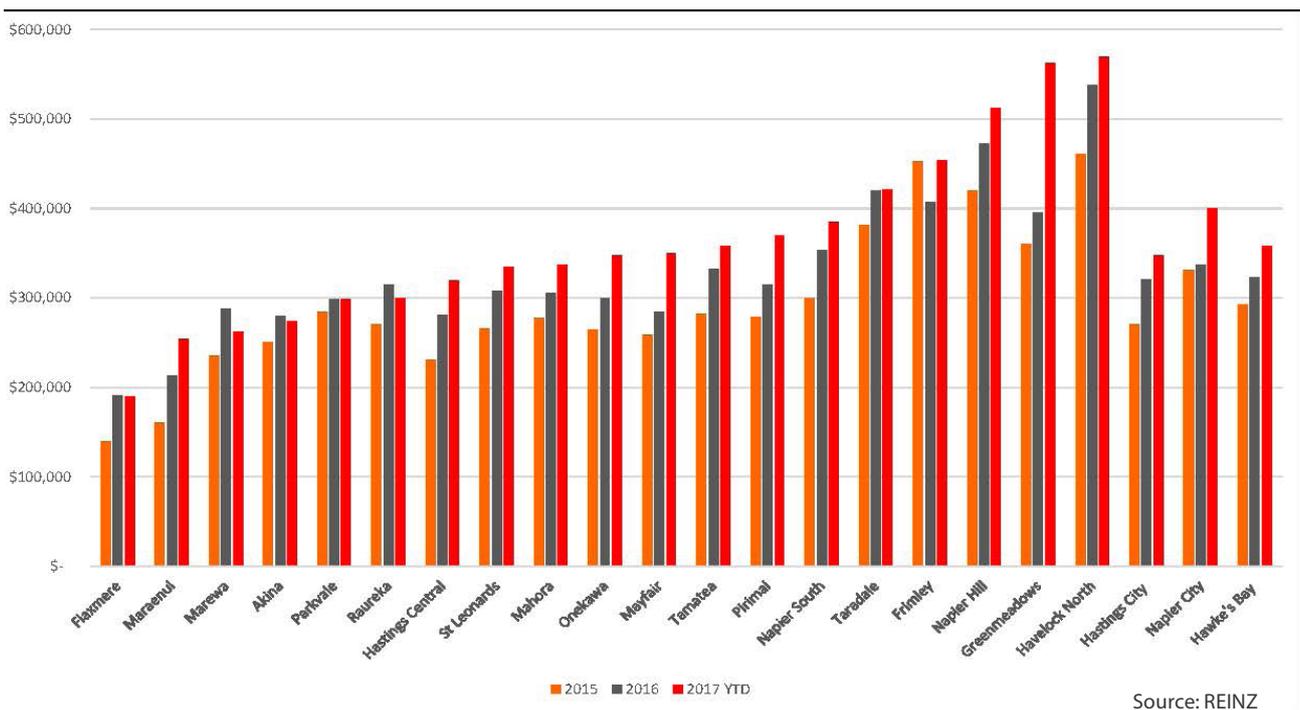


The Value of Lifestyle and Property

Hawke's Bay's improving residential property market has been well documented in recent weeks. House value and the median sale prices (MSP's) across both cities and their suburbs have all shown increases in both values and sales activity. Is the attraction of the Hawke's Bay lifestyle, climate and comparative housing affordability impacting our property values as 'out of towners' relocate?

HASTINGS & NAPIER CITY SUBURB COMPARISONS OF MSP 2015-2017(YTD)



Hawkes Bay Today claimed that as a region, "Hawke's Bay is leading the charge with New Zealand's highest property asking price increase in the past year"¹. Summer saw a slight dip in sales but this was more to do with lack of stock, lamented Real Estate Agents, rather than a lack of interest. As an office, we are seeing more and more evidence of buyers being from outside the region. Here the perception of value, that is, what a buyer is prepared to pay for a property is relative to the market they have been in. This factor, combined with a lack of stock has seen the value of properties being driven up across all locations and sectors of the Hawke's Bay property market.

Contributing factors

One of the major contributing factors is the number of events held in the region which helps introduce 'out of towners' to what is on offer in our beautiful part of God zone. From the Mission Concert as well as a myriad of other winery concerts to Art Deco Weekend, Summer FAWC, a range of sports destination events such the Festival of Hockey, Horse of the Year and more recently the Air New Zealand marathon mean that a growing number of people experience our region and the lifestyle it has to offer.

Another contributing factor is the prevalence of commuting to the

city centres for work as well as the digital age and the ability to work remotely has allowed living and working to not necessarily be in the same geographical location. These contributing factors combined with escalating city prices for residential homes has had the trickledown effect of getting more people to evaluate their current circumstances and relocate to the regions.

Activity across all sectors

Real Estate Institute of New Zealand (REINZ) statistics confirm that sales activity and values have increased across all the property sectors, both in the upper end of the market as well as the first-time home buyers in the

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\$350,000 to 400,000 price bracket and investors looking to buy in the \$250,000 to \$350,000 price bracket. Whilst local buyers have contributed there is a growing number of 'out of town' buyers who are driving the prices up.

Williams' Harvey, as Valuers, and I am sure we are not alone, have provided valuation advice for more and more clients entering the market place, either as investors or buyers looking to relocate to the region. We are aware of two cases where in a Closed Tender an out of town buyer put in an offer, in one

case \$100,000 more than their closest competition and in another case nearly \$200,000 above the nearest offer.

If buyers are willing to pay the extra dollars to secure the sale it reveals that value is a perceived entity and for an 'out of town' the amount paid is still considered value for money. Without the benefit of a valuation this is likely to occur more and more regularly as people want to buy into our region.

For those yet to make the property investment, Ashley Church Property

Institute of New Zealand CEO observes, "The continuing gap between demand and supply means that further price inflation is inevitable for the foreseeable future." This means that future residential home buyers will need to be organised and ready to act when they find the house they want. It is a competitive, fast paced market with increasing values at present. However, for those who have invested in a property(ies) the current trend will be welcome news.

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