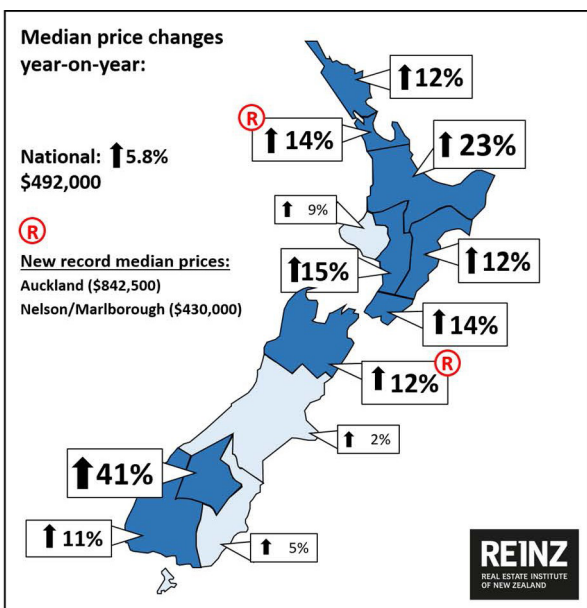


Residential House Values are on the Up

As I write this article there are officially 89 days to go till the end of the year, and even less by the time The Profit hits the press. So far confidence in our local residential property market for 2016 appears to have grown experientially with days to sell reducing and median prices rising.



The latest real estate data from REINZ revealed the median house price (MSP) in Hawke's Bay rose \$45,000, to \$320,000 last month, compared to August 2015, with prices rising 21% in Napier, 20% in Hastings and 5% per in Dannevirke.

Compared to July this year the median price rose \$10,000 with prices rising 7% in Hastings, 5% in Dannevirke and 2% in Napier. Sales volumes in Hawke's Bay rose by 7% compared to July, with sales rising 30% in Hastings and 21% in Hawke's Bay Country, but falling across the rest of the region. Compared to August 2015 sales volumes rose 2%, with sales rising 127% in Dannevirke, 30% in Hastings and 21% in Hawke's Bay Country. The median days to sell for Hawke's Bay

improved by two days compared to July, from 31 days in July to 29 days in August. The number of days to sell improved by 14 days compared to August 2015.

Therefore, as we head into Summer, Christmas and the New Year, a time that is typically associated with high levels of transactions, will this confidence continue and with it property values? I thought

it would be interesting to see how Hawke's Bay as a region compares with other property markets in terms of house values and growth. August

is the most current data recorded for 2016. Below is a table of the MSP's from around the country broken down by region as compared to August 2015.

Similar nation wide

Williams' Harvey is a member of ValGroup which is a network of independent valuation and property consultancy practices throughout New Zealand. ValGroup membership allows us to have access to nationwide property knowledge, as well as an information sharing network and referral systems that allow us to service our clients with the best professional property advice. Recently we attended our annual ValGroup conference and it was interesting to hear that the feedback from offices in the regions was similar to our own market trend in terms of both confidence and increasing values

Regional Median Sale Price (August) 2016/15			
	Aug-16	Aug-15	% Growth last 12 months
Canturbury/Westland	\$ 420,000	\$ 412,000	2%
Otago	\$ 285,000	\$ 272,506	5%
Taranaki	\$ 310,000	\$ 285,000	9%
Nelson/Marlborough	\$ 430,000	\$ 385,000	12%
Northland	\$ 362,000	\$ 323,750	12%
Hawke's Bay	\$ 320,000	\$ 285,000	12%
Auckland	\$ 842,500	\$ 740,000	14%
Wellington	\$ 461,000	\$ 402,550	15%
Manawatu/Wanganui	\$ 246,500	\$ 215,000	15%
Southland	\$ 226,200	\$ 187,750	20%
Waikato/BOP	\$ 435,000	\$ 353,000	23%
Central Otago Lakes	\$ 650,000	\$ 462,000	41%

Source: REINZ

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and that much of this growth had come about in the last 12 months.

Most confirmed that vendors are enjoying the benefits of a market that continues to experience declining levels of stock for sale, therefore driving up house prices. Bryan Thomson of REINZ commented that "Demand remains strong across the Hawke's Bay region with first home buyers and investors active in the market.

The supply of properties for sale remains restricted with less than 12 weeks supply available." All the regions appear to be benefitting from the "spillover effect" with buyers looking further afield than the three main metropolitan areas being Auckland, Wellington and Christchurch to find better bang for their property buck.

So as a region, Hawke's Bay is faring well being about half way in the line-up

nationally. However, we believe there is still plenty of potential for growth left in our region. Essentially this opinion is based on affordability. Our MSP of \$320,000 still sits well below the national MSP at \$492,000, however the region presents far superior lifestyle options than most others. With continued low interest rates and strong net migration I do not see the residential market losing any pace in the near future.

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