



HOME PRICES TO RISE 12 PER CENT BY 2014

House prices have barely notched up in the past year, rising just one percent in New Zealand, but the pace is expected to pick up: a shortage of housing and a recovering economy will lift prices 12 per cent on average by 2014, a study predicts.

Hawke's Bay could see the best price appreciation in the country, with prices expected to rise 20 percent, followed by Auckland, where prices are tipped to rise 16 percent, a study conducted by Infometrics for QBE Lenders' Mortgage Insurance says. The Otago/Southland market and Christchurch are also expected to do well with prices increasing 13 per cent each.

Here are the regional predictions for house price movements from June 2011 through to June 2014.

Northland: the economy has struggled over the last three years with falling tourist numbers and difficult weather. However, high export prices and some recovery in tourism is expected to boost the economy. By June 2014, house prices will rise 11 per cent.

Auckland: The low level of building since 2005 is putting pressure on prices. However, rising mortgage rates during 2012 and a relatively high unemployment rate in the region means that house price growth is unlikely to reach the peak rates of the last two decades. By June 2014, house prices will be 16 per cent higher.

Waikato/Bay of Plenty/Gisborne: Prices fell in the last year, but a perception remains that property is still relatively expensive. Buyers are wary of taking on too much debt, thereby limiting house appreciation. Prices are forecast to rise just 3 per cent before 2014.



Napier coast, Hawke's Bay

Hawke's Bay prices recorded the biggest fall in the country in the last year. But with strong prices for sheep meat and wool and improving horticultural prices, a rebound in property values is likely over the next 12 months. By June 2014, house prices are predicted to rise 20 per cent, the biggest forecast increase in the country.

Taranaki/Manawatu/Wanganui: prices should recover by 6.6 per cent over the next year due to the effects of strong export prices. The rate of increase will then slow down due to weak population growth and subdued investor demand. By June 2014, house prices are forecast to be 9.5 per cent higher than three years earlier.

Wellington: Expectations of a lack of growth in government employment is undermining job security. House price falls are possible in 2012/13, and by 2014 prices will rise by just 4.7 per cent.

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REGIONAL PRICE PREDICTIONS *(Continued)*

Nelson/Marlborough is still struggling with a weak wine industry and a lack of demand for holiday homes. House prices are expected to rise 3.9 per cent by June 2014.

Canterbury/Westland: Strong post-earthquake demand has improved the market, but the effects may soon wane. If so, by mid-2014 house prices could fall 2.8 per cent from June 2011.

Christchurch: House prices are expected to increase 12 per cent over the next year due to constrained supplies. Appreciation will then slow as re-building gets underway. By June 2014, prices are predicted to lift 13 per cent.

Otago/Southland: The economy is improving due to high commodity prices. The housing market may still struggle in some areas over the next year, with further price falls possible in Central Otago due to weak international demand. Nevertheless, house prices are expected to rise 13 percent by June 2014.



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NEW FINANCIAL AID PROGRAMME OFFERED TO LEAKY HOME OWNERS

The government is offering a new Financial Assistance Package (FAP) to help home owners get their leaky homes repaired.

Qualifying home owners will be able to share repair costs with the government and participating councils, with the aim of getting more homes fixed faster.



Jeff Montgomery, manager Weathertight Services Group at the Department of Building and Housing says there are an estimated 42,000 leaky homes, but only 3,500 have been repaired.

“The new package is a practical and attractive option. It offers homeowners an alternative to expensive litigation through the courts or dispute resolution through the Weathertight Homes Tribunal.”

Homeowners who meet the criteria can apply to the government for 25 per cent of their repair costs, plus another 25 percent from their council if it is participating in the programme and approved the original building.

The new programme is expected to make it easier to sell a leaky home, since the new owner may apply for assistance.

As a condition of receiving FAP contributions, homeowners must forgo their right to sue the government or council.

For more information call the Department of Building and Housing at 0800 116 926 or visit www.leakyhomes.govt.nz

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