

NELSON PROPERTY INVESTORS ASSOCIATION
FEBRUARY 2019 NEWSLETTER
PO Box 198 Nelson
NelsonPIA@xtra.co.nz

Our first meeting of the year is being held at Mitre 10 Quarantine Road. It is scheduled for 7 pm on Tuesday 19th February. We have been invited to a trade night there. Last year we visited Bunnings when about 80 of us participated. This is a long established locally owned business that is part of our heritage. The two firms are different but I think both of them are great assets to our city. I shop at M10 many times per week. I would be lost without them.

THE MARKET

Realestate.co.nz's latest data is out and it shows the national average asking price climbed by 3.3% on the previous month to reach a record high of \$695,116 in January 2019.

The property website's spokesperson, Vanessa Taylor says this is the highest price they have recorded since they started collecting data 12 years ago.

Back then, in January 2007, the average national asking price was \$410,666. "Since then, the continuous increases in the national asking prices have largely been led by the Auckland region, but in January it was other regions which took the limelight."

Eight regions' hit all-time average asking price highs in January 2019 and this was the major driving force behind the new national asking price record.

Those regions included three big regional markets: Otago (which was up 4.8% to \$438,367), Wellington (which was up 1.5% to \$656,926) and Waikato (which was up 1.2% to \$589,262).

But five smaller regions also turn in record asking prices.

They were Gisborne (up 6.5% to \$417,794), Nelson and Bays (up 7.6% to \$686,963) Southland (up 7.4% to \$332,051), Central North Island (up 7.9% to \$492,622) and Manawatu/Wanganui (up 6.2% to \$381,753).

Head of Trade Me Property Nigel Jeffries says demand in most of the provinces was very strong as 2018 came to a close.

Six regions hit record average asking prices in December 2018, according to the latest Trade Me Property Price Index.

"December is typically a slow month for the property market as buyers and sellers take some time off over the break but six regions bucked the seasonal trend."

Those regions were Otago (up 11.7% year-on-year to \$586,950), Northland (up 9.4% to \$580,950), Nelson/Tasman (up 7.2% to \$619,600), Waikato (up 5.9% to \$575,300) and the Bay of Plenty (up 5% to \$637,800).

Tony Alexander mentions the Prime Ministers' embarrassing backdown on KiwiBuild targets. The implication is less growth in housing supply and therefore upward pressure on prices. But seriously, there was never any strong chance that an organisation now increasingly if not completely dominated by bureaucrats with social agendas, sensitive feelings, and little

understanding of how the real world works could ever deliver what the Labour dreamers wanted them to.

Nelson Bays has a current asking price of \$686,963 compared with say Wellington at \$656,926. There must surely be some other area (as opposed to the odd hot spot) that is higher than Nelson (apart from Auckland)! If there is one it is not mentioned in either of the two articles! One might have expected some interest by the Government in addressing the issues in our area. Luckily for us the bureaucrats with social agendas (not my words) have been conspicuous by their silence and absence. After all who needs some losers and dreamers messing with our Nelson market? Sure they can produce some lucky winners (just like any gambler dreams of) but the bulk of us get hurt when the government starts spending our money perhaps like a young lady in a floro vest on the side of the road waving a stop / go slow sign.

I have completed another study of Nelson asking prices on Trademe rentals. I have put every single listing into a spread sheet and applied a formula to these calculating both average and medium prices. The median prices are the best ones to think about. Incidentally have you noticed that house price statistics published by some organisations with a vested interest only ever publish average prices. Those prices are distorted by a few extremely high value mansions.

22-Jan-19	1 Brm	2Brm	3 Brm	4+ Brm
Average	275	404	475	643
Median	280	392.5	460	600
Adverts	13	22	21	8

The latest statistics just published documented the building consents for December show Tasman is still pumping out the houses.

These showed the annual rate of consents to the end of December were 700 for Nelson Bays. Of course some commentators claim the number of consents does not equal additional new dwellings due to demolitions. In my opinion the bulk of the new builds in Tasman are green field developments so reported consents would be mostly full gains. Nelson is a bit different and there would be more brown field developments (demolitions and conversions to commercial).

Compare our area with say Hawkes Bay which the locals correctly report their economy is booming. Hawkes Bay December annual building consents were 621 and they had 56% more dwellings than us at the last reported census.

It does worry me, but does not surprise me, to hear the TDC claim they will have 14000 new dwellings in 30 years time. 30×400 (current rate of building consents) = 21000. So all I can say is they are planning on failing to accurately forecast. But then my forecast is a straight line projection and we all know that it is rare for the future to be the same as today and rare to be that predictable.

Put 26th March in your diary.

Sue Harrison of Christchurch Holiday homes is coming up here to speak on holiday homes as an investment and all about Air BnB.