BACK TO THE Future

EMERGING FROM SIX MONTHS OF GLOBAL UNREST FOLLOWING BREXIT, THE UNITED STATES PRESIDENTIAL ELECTION AND A LITTLE CLOSER TO HOME - THE DELAYED APPEARANCE OF WARMER SPRING WEATHER - THIS YEAR THE NEW ZEALAND PROPERTY SECTOR HAS IMPRESSED SHOWING STRENGTH AND RESILIENCE, SAYS BAYLEYS NATIONAL RESIDENTIAL MANAGER DANIEL COULSON.

Largely unaffected by economic threats abroad, New Zealand's primary industries of dairy, education and tourism have shown muscle in previous months, powering the New Zealand commodity base and as an off-shoot, our confidence to invest in our own housing market.

While the prosperity of the economy relies on the strength of our international trade, we have confidence that New Zealand is in a good position to move forward. Despite news that the Trans-Pacific Partnership has been stopped in its tracks, the underlying factors driving strong economic growth – agriculture, tourism and low interest rates have entered a more mature cycle with momentum set to continue past the new year.

As immigration came under increased scrutiny earlier this year it is interesting to note that Statistics New Zealand reported approximately a quarter of those migrants as expatriate New Zealander's returning home – illustrating that perhaps the grass may no longer be greener abroad. For Kiwi's currently in the country, the number of those heading off-shore almost halved for the first time since 2012, meaning more New Zealander's are fuelling the housing market in search of first-homes, investments and properties to rent.

Revealing a pleasing vigour in the regions, early spring statistics from the Real Estate Institute of New Zealand (REINZ) showed six regions across the country achieving record median sale prices. Despite stock across the country remaining depleted past the traditional spring boost, sale activity indicates that buyers persist, and perhaps it's the sellers who are adopting a more modest approach.

While tightened loan-to-value restrictions have resulted in a push for regional property, as buyers priced out of the Auckland market look further afield for more bang for their buck. Open-home attendance, buyer enquiry and competition in our auction rooms suggest that since lending restrictions were implemented in July, they have had little influence deterring serious buyers from the market.

In my talks with our Bayleys salespeople across the country, it's apparent that sellers are taking heed from the caution applied by lending institutions as they look to be absolutely sure that the timing is right before selling up. This hesitation has characterised sales activity in the latter half of 2016, and with such media attention lavished on the property market, sellers are privy to more information than ever before – and in some cases more confusion.

While New Zealand continues to attract a burgeoning population, development and intensification have been billed as the way forward. Apartment blocks, townhouses and small-scale developments are emerging throughout our suburbs, and no longer confined to the central city they pose an attractive alternative to the traditional quarter-acre dream.

A sector set to enjoy a prolonged period of growth, luxurious off-the-plan development sales have experienced huge growth during 2016 as buyers become more comfortable with a more urban apartment lifestyle. Units selling over the $1 million dollar mark have sold exceptionally well, which we expect will continue for the foreseeable future – popular with retirees and those looking to downsize, these apartments provide a low-maintenance, albeit no-less-luxurious alternative to their large family homes.

With density a relatively new core value of the New Zealand property landscape, the rising cost of construction looks set to play an important role in development into 2017. New policy reflecting the procurement of skilled labourers, and the entry into the New Zealand market of international construction firms may ease the pressure and it is reassuring to see the governing powers that be already exploring these alternatives.

Looking ahead to the new year, positive indicators for forward momentum are strong and we expect low interest rates, the health of the New Zealand economy and strong housing demand will continue to feed a strengthening property market. Whilst the cost of development, restricted lending and inflation are certainly on our radar, the risks pose no significant threat to a bright outlook for 2017.

61B Pratts Road, Ramarama can be found on page 46.

PROPERTIES FOR SALE

THE PROPERTY FEATURED ON THE COVER AT 17 SECOND AVENUE, STANLEY POINT CAN BE FOUND ON PAGE 20.