

A Breath of Fresh Air

Imagine the market like this: 2007 – a dive into unknown waters. 2008, 2009, 2010 and most of 2011 were in the dark depths. 2012, we've come up for a breath and find it safe to breathe again. The market has recovered to the extent that transactions are taking place regularly, but at levels more akin to, say, 2005. It has taken some time for vendors to realise that the market values have dropped from those heady days prior to 2007 – something in the order of between 10% and 15% as a general market level.

An indicator of some recovery in the marketplace is that sections have started to sell again after sales being almost non-existent in the last couple of years. In line with other areas of the marketplace, prices are below previous levels. For instance, sections that would have sold prior to 2007 for up to \$330,000 now are selling at, say, \$285,000. In the west of the city, there have been instances of sections selling below \$200,000. There is an ample supply of all types of subdivided land available for the foreseeable future. Looking toward the future, there may develop a shortage in the medium term, given that the cost of compliance to subdivide sections now means in many cases there is less than acceptable profit available to the subdivider. Also, and certainly in the Waikato county, the four-hectare blocks (ten acres) no longer qualify to be subdivided, the minimum area being six hectares.

From a purchaser's perspective, the rateable values have dropped to a level where there is some correlation with market value, but purchasers need to be aware there are many, many instances of rateable values bearing no comparison with market value. The industry at large would seldom rely on a rateable value as a guide to value. Direct comparison with recent sales is the only clear reflection of value and importantly a property is worth only what a purchaser is prepared to pay and what a vendor is prepared to accept.

Looking across the price brackets in the marketplace, all have recovered momentum, but the \$700,000 to \$900,000 has been lagging a little in relation to the other brackets, showing that middle management has suffered during the recession. Properties well in excess of one million dollars have sold strongly in the last twelve months. Therefore, the property market reflects what has happened in all facets of New Zealand society since the crash in the market of 2007.

Purchasers of today have many avenues available to ascertain a value of a property, even without visiting it. For any given listing, there are at least one or two comparable properties on the Internet to use as a comparison, so the purchaser of today is making decisions based initially on how the property looks on the Internet. This is reflected in the number of people attending open homes, whereby seven or eight years ago, ten or twelve people would attend every open home, now it is satisfactory to get three or four people viewing the property. We, at Lugton's, place great importance on the fact that we have 3D plans and professional photography to illustrate our properties on the Internet, thereby giving every listing a chance to shine above others.

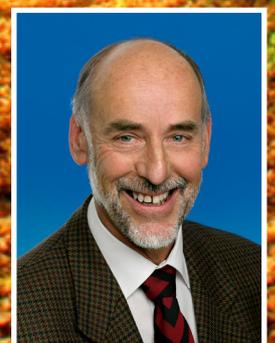
Along with the ability to view the property, the comparisons available to potential purchasers through the Internet also offer information about comparable prices. Market experience shows that seldom do people look at properties that are overpriced for their purchasing bracket, so it is very important for an asking price to be an accurate reflection of real market value. There are many examples, even in the market we have been experiencing in the last twelve months or so, of properties that were priced correctly and sold within three or four weeks.

Winter is a good time to list a property, for the obvious reason that the purchasers can satisfy themselves that surely the property must look at its worst during the cold season, and it gives them confidence that if it looks good in the wintertime, it must look great in the summer. Of course, this means that at open homes the property must not be cold and uninviting. Also, the number of competing listings is always at its lowest ebb in the winter months, therefore there is less competition. Vendors need to be aware that there are always people moving into the area and needing to purchase, so there are always potential purchasers in the marketplace. A good point to note when putting your property on the market is to de-clutter. Professional photography is all revealing and a cluttered house does not show well on the Internet.

As always, buyers are knocking on my door – are you considering selling? I have the knowledge and experience to help you today.



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