

The News is Positive

Covid-19 has influenced many facets of our lives, but it hasn't killed real estate. The Real Estate Institute is reporting that for the three months ending May 2020 compared to May last year, there were 37.6% less sales, as our lives ground to a halt in April. As I predicted in my last newsletter, there has been a strong recovery after that – in fact, a figure of less than 5% decrease in number of sales is indicated in the latest information we have to hand, which is a bounce back to almost pre-Covid prevailing levels. We can also report that there is no discernible decrease in values being paid for lifestyle properties. Having said that, it is a traditional trend that listings are fewer during the winter period, but if you are considering selling your property, you should be preparing yourself to enter the market sometime in August/September.

Starting from July, rateable values will be reassessed on individual properties, with provisional figures available by October, and official figures available by the middle of next year. As indicated in the table below, lifestyle properties in the Hamilton surrounds are selling mostly above rateable value, with a few exceptions. It is worth remembering that rateable value means of raising income for the council's budget, and is just one of the factors making up the value of property in the eyes of a purchaser. Purchasers these days spend a lot of time researching the internet, and while they may not visit every property they look at, they gain knowledge on the general price bracket of every property on the market – and as always, purchasers will only pay what they believe a property is worth. We know that banks use a computer-based system to assess the value of a property, which uses rateable value as a starting point for calculations.

Waikato District (Hamilton Surrounds)	Properties under <u>1HA</u>	Properties <u>1HA to 3HA</u>
Average Rateable Value	\$1,150,375	\$1,178,500
Average Sale Price	\$1,328,645	\$1,329,800
Average RV to Sale Price Ratio	15.5% above RV	12.8% above RV
Average Days to Sell	88 days	77 days

A point of note is that the sales information available from the Real Estate Institute shows that the majority of sales taking place above \$1M in the last 6 months, for properties with a land size of up to 3 hectares, have been in the Tamahere area.

The market has had plenty of time to make plans for life direction during the lockdown, and it is noticeable that the public is better informed because of the extra time they have had to review available information. Buyers are definitely looking for value for money and are particularly harsh on properties that are showing their age. It is imperative, as a property-owning class, that people maintain their asset on a continuing basis, and also realise that furniture, soft furniture and décor – although comfortable for the current users – do date a home in the eyes of the buying public. A suggestion that should be considered by homeowners in this situation is to have the property staged by an expert, who will maximise the benefits of the particular home and add – or at the very least reinforce – perceived value.

Notwithstanding the low interest rates prevailing at the moment, encouraging purchasers to either purchase or increase their mortgage by moving to another property, advice from real estate sources confirms that lending criteria from the banks remain strict, and could remain that way for some time.

As always, as long as you are buying and selling in the same market, you are not being disadvantaged by current market forces – it's only your net worth fluctuating up or down, as the case may be. If you are making a decision to upgrade, call us now.



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