

September 2006

## Hamilton Still Humming!

Though the rate of increase in Hamilton house prices has eased, Hamilton's Residential property market is still buoyant recording a 19.2 percent annual increase to July. Hamilton also recorded an increase in the median sale price from \$299,750 in June to \$310,000 in July. Interesting to note that the July 2005 median sale price was \$260,000. Nationally, the rate of increase is 11 percent, down from 11.5 percent a month earlier.

Sales volume and activity is expected to increase as we enter spring and our traditional lift in the market. We see no real reason for the market to do anything else but continue on at a good level.

## The Market Nationwide

The National median price for residential property in New Zealand continued to level off during July, with a fall in sales reflecting the traditional winter-time activity, according to the Real Estate Institute of New Zealand (Inc).

Although the national median increased from \$310,000 in June to \$313,000 in July, the trend across the 12 regions was of a leveling off of prices, with six regions experiencing median price reductions, five increases and one region unchanged.

The national median price is 10.99 percent higher than a year ago, compared with the June median of \$310,000 which was 8.96 percent higher than the June 2005 figure.

The market has been plateauing from a price perspective and while the median price has risen during the year, the underlying theme is very much one of consolidation of prices rather than a continuation of the sharp rise in prices of previous years, according to REINZ National President Howard Marley.

## Mortgaged for a Lifetime

Today's young home-owners may still be paying mortgages well into their 80's as the price of getting on to the housing ladder keeps rising.

New Zealand banks look set to offer 50-year mortgages to cash-strapped buyers as the kiwi home ownership dream slips further out of reach.

Borrowers could be lumbered with debt to their twilight years as loans lasting four and five decades bring cheaper monthly repayments but higher interest costs to buyers.

Australian finance company GE Money is already offering 40-year loans across the Tasman and the Commonwealth Bank and Westpac are considering 50-year mortgages.

MORTGAGE REPAYMENTS		
A \$300,000 mortgage at 8% interest		
Years	Monthly Costs	Total Cost
30 years	\$2201.29	\$792,466
40 years	\$2085.94	\$1,001,249
50 years	\$2037.82	\$1,222,694

Source: Herald on Sunday, August 6 2006



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## Introducing realestate.co.nz

The NEW Real Estate Institute Website [realestate.co.nz](http://realestate.co.nz) is now online with many excellent features allowing ease of navigation, it must still be the premium New Zealand Website.

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With an average viewing time of more than 15 minutes per visit the website is the most popular dedicated Real Estate website.

## Mortgage Costs Reach New High

The monthly cost of a \$100,000 mortgage reached a new high in August according to the latest Blue Chip Financial Solutions (NZ) Limited, Mortgage Interest Rate Survey.

The cost of a one year fixed term mortgage of \$100,000 based on the average rates offered by the five major trading banks, rose another \$5.05 to \$863.40 in August, compared with \$858.35 per month in July and the previous high in March of \$861.50.

This is for a national mortgage with a 20 year repayment term – However while rates over the last month are generally higher than in July, several banks have eased their rates in the last week.

## NO COLLAPSE.....Article from the BNZ Weekly Overview, 17<sup>th</sup> Aug 06

We have noted on a number of occasions over the past two years that in order to get a sharp decline in the New Zealand Housing Market one needs a combination of two things. First, interest rates need to jump up relatively sharply and second the unemployment rate needs to jump up.

In the current context perhaps high interest rates would be the likes of two year and five year fixed

interest rates around 8.75%. That is not going to happen this cycle. A jump in unemployment would involve the current 3.6% rate rising to perhaps 6% or 6.5%. That also is not going to happen. Therefore we are not going to see a sharp correction in the New Zealand Housing Market this cycle. Instead we expect to eventually see some flattening – maybe.

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