



Winter Weather Dampens the Market

The cold, wet weather caused the market to enter its customary Winter Mode. This combined with increasing interest rates saw a slight drop in the number of sales compared to this time last year.

The median price for a house in Hamilton dipped to \$350,000 in July from \$355,000 in June. In total, 232 houses were sold during the month, down on the 289 sold in June. The median house price in July 2006 was \$310,000 when 309 houses were sold. One could say that the July residential property market was 'seasonally challenged' and overall the median price figure was a pretty good performance given that this is the depth of winter when the market is traditionally at its lowest ebb.

Due to the lower volume of listings, finding a property can be a challenge. But buyers should remain positive and speak to a qualified mortgage broker to ensure that spending is in line with resources. With regard to interest rates, take advice from Tony Alexander, economist at Bank of New Zealand who said recently "If I were a borrower, I would still be looking to fix in the two year area and would not anticipate adjusting that recommendation unless the situation overseas takes a major drastic turn for the worse.

Once you are aware of what you can afford, you can then assess what type of home and area you can consider, which may be a pleasant surprise for you. Contact me, your experienced sales consultant to assist you in finding what you are looking for.

BUT! The web activity on www.realestate.co.nz outperformed seasonal trends to reach an all time record! The traditional slowing of real estate activity through the winter months was reversed in July with an 8% growth in web traffic as compared to last month. This clearly indicates the extent to which the consumer in NZ is turning to the web first to search for listings. A point worth highlighting is the performance by Quotable Value (QV) – their traffic grew by 30% and as their site does not feature listings, it is clear to see the extent to which consumers are researching in greater detail the property sales history prior to engaging in the market.

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Go to www.lugtons.co.nz for our latest listings!



Kerry Hopper

1010 Victoria Street, Hamilton

Phone: 838 3800 - Mobile : 021 984 173 - A/Hrs: 855 3411



The Implications of Depreciation

Depreciation is a term that describes the loss of value due to wear and tear of an income producing asset such as a rental property.

Some items wear out before others, such as electrical appliances, whilst others seem to last much longer, like electrical wiring and plumbing. Depreciation is claimed against the income generated from a property and it represents the theoretical loss in value of the asset over time. This is theoretical because real estate historically increases in value in the long term.

This theoretical reduction in value is generated from approved tables issued by Inland Revenue, and is claimable against your income and is therefore tax deductible. It is advisable to have an Accountant to guide you in these matters as you must follow the rules, which can and do change from time to time.

If you end up selling the property later for a 'profit' that is more than the value of the asset after the depreciation claimed then you have to declare the depreciation recovered as income.

Market Facts 2002 - 2007

Period	Median Sale Price	No. of Sales	Median days	Total \$ Sales
Aug 2002	\$166,000	295	37	\$54,222,176
July 2003	\$178,500	351	30	\$68,840,250
July 2004	\$216,000	286	25	\$68,532,425
July 2005	\$260,000	322	24	\$90,570,230
July 2006	\$310,000	309	32	\$101,783,828
July 2007	\$350,000	232	29	\$87,044,800

Why aren't all properties marketed at a price?

Due to the fact that there can be significant variations in property value from one house to another in the same street and in the same suburb, and also due to the wide variation in building styles and construction materials, it can be difficult to put a fixed price on a property. For this reason, sales consultants and vendors would rather 'test the market' first, letting prospective buyers give indications as to what they consider fair market value.

The high success rate of Auctions at our Lugton's office indicates that this method of buying and selling has become more widely accepted. If you see a property for sale without a price, the agent will always give you the 'price indication' on the property and will give a couple of examples of what similar properties have sold for recently.

If you are serious about a property and find that it suits your requirements, apart from doing all the necessary due diligence required, it may be worth getting a registered valuation on the property to determine how much you would be willing to bid at Auction. Auction is an exciting process and we have found that both vendors and buyers have achieved great results through this method of marketing, guided by the able hammer hand of our own Auctioneer, Paul Armer.

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