

## House Prices

# Why work when houses make more money?

Despite Covid, snap lockdowns and border closures, CoreLogic's quarterly Mapping the Market report shows all major centres had rampant house price increases. Some suburbs increased in value by more than \$500,000 in the 12 months to the end of August 2021.

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CoreLogic New Zealand's chief property economist Kelvin Davidson says 771 of New Zealand's 983 suburbs have had median value increases of \$100,000 or more in the past year.

And only 24 suburbs suffered with increases of less than \$50,000 during this time.

This growth in values he says, resulted in many owners earning more on paper from simply having a property than going to work every day.

"Needless to say, this is paper wealth effectively coming at the expense of non-owners and unfortunately for would-be first home buyers the latest data refresh highlights yet again the challenges they face," says Davidson.

In Auckland, only 37 suburbs – from a total of 208 – have a median value less than \$1 million and only 10 have a median of less than \$800,000.

Across the entire country, only 150 suburbs have a median value less than \$500,000 – 61 in the North Island, 89 in the South – which is almost half the number of 12 months ago.

Prestige suburb Herne Bay retained its pole position as Auckland's – and New Zealand's – highest priced suburb with a median property value of \$3.25 million.

Ponsonby was the country's top performer with a gain of \$597,550 for the year.

In Hamilton, all suburbs achieved a median value increase of at least 14%.

The centre has four \$1 million-plus suburbs, with Harrowfield topping the list as its median value hit \$1,068,500 at the end of August. Bader is Hamilton's cheapest suburb at \$580,550.

In Tauranga the number of \$1 million-plus suburbs has increased from three in June to eight by the end of August, with Mount Maunganui achieving the highest median at \$1.33 million.

Seatoun is Wellington's priciest suburb with a median value of \$1.93 million.

There are now 54 \$1 million-plus suburbs in Greater Wellington, that figure is up from 42 recorded during the past quarter.

As affordability declines, cheaper suburbs in Christchurch and Dunedin have increased in value.

Buyers, particularly first home buyers – who have been active this year despite the popular view that almost none have been buying – have entered the market in less centrally-located suburbs.

Dunedin's first \$1 million-plus suburbs are Māori Hill and East Taieri, where median values increased to \$1.02 million respectively.

There are only three suburbs in Dunedin with median values below \$500,000.

Davidson says the latest refresh of Mapping the Market shows low mortgage rates and tight listings have driven up New Zealand's property values across the board.

And the dollar gains highlight the affordability challenges for first home buyers and those looking to trade up.

“The market may experience a short-term bounce as alert levels progressively ease but the 2022 outlook is for the pace of property value growth to slow as tighter lending rules bite and mortgage rates rise.”

### **Mapping the Market highlights**

- **Of the 983 New Zealand suburbs covered by Mapping the Market, all but eight have seen annual growth in median values of 10% or more.**
- **Te Anau is the only suburb covered in the refresh to record a growth rate of less than 5%.**
- **Five suburbs have seen increases of more than 40%.**
- **Almost 200 suburbs have recorded increases in median values of between 30% and 40% in the past 12 months.**
- **Almost 75% of all suburbs recorded value increases of 20% or more.**