

Home Smart Newsletter

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 LJ Hooker

Demand Continues To Fuel Housing Market

Property prices across the country continue to rise, with the median house price up 0.3% from May to June, according to the latest REINZ data.

Residential property has increased 28.7 percent since June 2020, with the median price now at \$820,000 in June 2021.

In Auckland, prices have increased 25 percent, from \$920,000 a year ago to \$1,150,000 in June, which is a new record for the City of Sails. The median prices in Manukau City (\$1,070,000), Rodney District (\$1,194,000) and Waitakere City (\$1,065,000) also reached new records.

New records were also set in Waikato, Southland and Manawatu/Wanganui.

Waikato saw a 19.7 percent increase in the last 12 months, up from \$615,000 to \$736,000 in June 2021. Matamata-Piako District (\$665,500), Taupo District (\$730,000), Waikato District (\$785,000) and Waitomo District (\$420,000) all reached record median highs.

Median prices in Southland increased 23.2 percent from \$341,000 to \$420,000 throughout the 12 months to June 2021.

Manawatu/Wanganui region has a 35.6 percent increase from \$427,600 to a record high of \$580,000 in the same period.



In May, 7,345 homes were sold across New Zealand, which is the highest number of houses to be sold in June for five years.

On average, it took just 31 days to sell a property, which is the lowest for a June month since 2016.

Auctions continued to be popular, with 26.9 percent of all properties sold at auction, setting a record for the most number of properties sold at auction in a June month.

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Surviving Interest Rate Hikes

Borrowing money became cheap in the last year as interest rates fell, which encouraged many to make the leap onto the housing ladder and have a mortgage for the first time.

However, interest rates have already started to jump. For example, ASB's cheapest rate as of mid-July was 2.55 percent - up from a low of 2.19 percent.

Although it looks marginal, a hike of this level means an additional cost of about \$360 a year for every \$100,000 of mortgage. When interest rates increase further, people will need to adjust to be able to keep up with their repayments, as it may be a stretch for many homeowners to have to find an additional \$3000 or more a year to service their debt.

Mortgage Lab CEO Rupert Gough suggests those who took advantage of the low mortgage rates will need to be prepared for higher costs when their fixed rate expires.

"These mortgage-holders should start planning for the extra \$40 or so they will need to find a week. Between feedback from the Reserve Bank on the OCR and this latest move from ASB, all evidence points to interest rates being higher in 2022," he said.

To prepare yourself, and your budget, calculate your individual mortgage repayment at 3 percent, 4 percent and 5 percent, Gough said.

"Start putting the money aside now and find out how

your individual bank treats additional payments on your mortgage - some allow additional payments with no penalty - and try to increase your payments in the near future. A large amount of stress around increasing interest rates is caused by the shock of suddenly paying a higher amount.

"Planning now will minimise this."

Before interest rates increase further, it could be wise for existing homeowners to consider breaking their current interest rate to try and grab the current low interest rates.

"Breaking a fixed term comes with some risk; you may pay break fees to break an interest rate only to find they go even lower in the future, but the signal of interest rates increasing rather than decreasing has never been stronger," he said.

"The good news for those looking to buy, be it their first home or an upgrade, the odds of being pre-approved haven't actually altered much. Banks assess mortgage affordability at a much higher interest rate (usually around 6.5 percent) and, to date, the banks haven't altered this.

"It does, of course, mean the interest rate you actually pay will be higher but, the message is, this round of rate hikes doesn't affect your ability to get a mortgage... yet."





Don't Wait For Spring Before Getting Into The Garden

When you flip the calendar to realise it is August, you know that spring is just around the corner, making this month the perfect time to dust off your spade and prepare your garden for summer.

Flowers

To ensure you have fresh colours coming through this summer, August is the time to plant your favourite seedlings, such as Viola, Polyanthus, Cineraria, Alyssum, Poppy, Cornflower, Gypsophila, Hollyhock and Carnations.

However, you need to be cautious as slugs and snails are hungry, so slug and snail pellets could go a long way.

As soon as the weather starts to warm up, it is time to sow seeds. Some of the great summer favourites include: Californian Poppy, Chrysanthemum, Gypsophila, Marigold, Phlox and Sunflower.

This is also the time of year to look after your existing trees and shrubs by feeding them a long term controlled release fertiliser, sprinkle it around the dripline and then water it in well.

You can not plant everything you want before spring arrives, but weed, fertilise and dig compost into your garden beds to prepare them for spring planting.

Plant any Rhododendrons, Camellias, Hellebores, Azaleas and Daphne while conditions are still cool. And if you have any early blooming Camellias, give them a trim if they have finished flowering.

Roses

Roses do well in rich, well-drained soil with plenty of compost to provide nourishment throughout the year. And this is the time to plant any new roses you want to colour your garden.

To prepare your roses for spring growth, take the time to prune your existing plants, and make sure you spray them to protect the new growth from pests and diseases.

Veggie Garden

Although it is too early to plant your summer garden outside, it is the right time to feed your vegetable patch to fill it with nutrients for all the tasty produce you want to enjoy during the warmer months. Digging in generous helpings of compost and adding lime to improve the soil structure will set your patch up to achieve great results.

To make sure you have plants that are ready for spring, now is the time to sow tomato, cabbage, celery, spring onion, onions, silverbeet, spinach, melons, cucumbers, capsicum and lettuce seeds in trays and keep them somewhere warm until they are ready for transplanting.

If you are in warmer areas, carrots, parsnips, beetroot, peas and radishes seeds are suitable for sowing directly into the soil.

To make sure you have that staple for an apple and rhubarb crumble, August is the right month to plant new rhubarb plants or lift and divide any established clumps.

Just because it is still grim outside, it does not mean there is not plenty to go in the garden to get it ready for warmer days.

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