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Auckland Property Prices Set to Rise

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Auckland's property market is showing signs of recovery, with Auckland property sales last month the highest they have been since the market last peaked in November 2007.

Figures released by the Real Estate Institute of New Zealand this week show property sales in Auckland during March up 11 percent on the same time last year.

Erskine+Owen director Lisa Phillips, a property investment specialist, says although the house price index for Auckland is still slightly lower than when compared to the 2007 peak, the increased level of sales activity means the market is moving in the right direction.

She says as demand strengthens and sales activity grows, it will translate into an increase in property prices.

Ms Phillips says a drop in the Official Cash Rate and rising rent prices are incentivising more people to buy.

“The floating rate is currently the lowest it has been in 46 years. This also means an improvement in yields for investors, and with rising rents and lower interest rates it is becoming more attractive to buy than rent,” she says.

But the increase in market activity comes with a warning – a growing demand for property will put more pressure on Auckland to supply housing at a time when the region is already predicting a housing shortfall.

“It is still unclear as to how many Cantabrians will look to permanently relocate to Auckland following the earthquake, but it is clear that Auckland will struggle to have the capacity to house them,” says Ms Phillips.

While property prices in Auckland appear to be on the way back up, the same can't be said for the market nationally.

House sales volumes throughout the rest of New Zealand were five percent lower in March than on the same month last year.

For more information about Erskine+Owen visit www.erskineowen.co.nz

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