



# Deborah East's propertyUPDATE

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OCTOBER 2013

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## "Loan to Value Ratio" ...the impact and options for buyers

From 1 October the much discussed restrictions on high Loan to Value Ratios (LVRs) came into force. A Loan to Value Ratio is a calculation made by a bank which compares the amount you intend to borrow and the equity in/value of the property being purchased, so they can assess their risk in lending to you. Higher LVRs mean the bank takes on more risk.

### What exactly is going to happen?

High LVR's are not being banned entirely. Instead, banks will be restricted to only allowing a certain percentage of their loans (10%) to be High LVR's. This means that of all the money that a bank lends in a given year only a specific percentage can be for people with low deposits. The rationale for this measure is to try to slow down the pace of growth in property prices and to also try to avoid another financial crisis.

### Who will be affected?

This is likely to affect first home buyers for the most part. Approval of your loan application will come down to how you compare to other applicants in terms of your income, credit history and debt.

### Are there other options?

Yes; those who find themselves unable to have a loan approved will need to consider other options, such as personal guarantees from parents, gifts or loans from family members or allowing a bank to register a mortgage over a family member's property in addition to a mortgage over the property you are buying.

Each of the alternatives come with their own risks, so it is recommend discussing options with an experienced property professional such as your lawyer, real estate agent, bank or mortgage broker before you sign yourself up to anything.

Source: Rainey Collins Lawyers [www.raineycollins.co.nz](http://www.raineycollins.co.nz) and follow us on [Twitter @RaineyCollins](https://twitter.com/RaineyCollins)

## Number of "days to sell" shortens

Houses took one day less to sell in August compared to July, improving from 35 days in July to 34 days in August. Compared to August 2012, the number of days to sell also improved by one day. Five regions saw an improvement in the number of days to sell between August 2012 and August 2013.

For the month of August, Canterbury/Westland recorded the shortest days to sell at 28 days, followed by Auckland at 29 days, and Wellington at 40 days. Northland recorded the longest number of days to sell at 72 days, followed by Southland with 71 days and Central Otago Lakes with 65 days. Over the past 10 years the median days to sell for the month of August has averaged 37 days across New Zealand.

[www.reinz.co.nz/](http://www.reinz.co.nz/)

## Lack of stock benefits local winter sellers

Growth in the Wellington area is still limited. Lower Hutt and Upper Hutt have seen increases just over 1% over the past three months, whereas Wellington City has remained the same and Porirua is down 0.4%. Overall, Wellington is up 2.8% over last year. QV Valuer Kerry Buckeridge said "The market has been pretty flat, although there is reasonable competition and good prices still being paid for desirable properties. Due to Wellingtonians typically not listing over winter there is a lack of properties on the market. This is benefiting the properties that are listed, as they are facing less competition and attracting good prices."

### Mixed picture of growth throughout NZ

Jonno Ingerson, QV.co.nz Research Director said "Auckland and Canterbury are still driving the national increase in values, with the other main cities seeing limited growth. The provincial centres have tended to be more variable, although for much of the year many have been slowly increasing. In the last couple of months however values have flattened or even declined in many provincial areas. It is not yet clear if that is likely to continue or was just a temporary slowdown."

### Prices expected to "increase for some time yet"

"The LVR speed limits imposed by the Reserve Bank were in part put in place to slow down the rapid growth in property values. They will definitely limit the number of first home buyers and investors who will usually require loans of more than 80% of the property's value. However the rapid increase in values in Auckland and Canterbury in particular is also due to a lack of supply rather than just high demand from potential buyers. So while the LVR limits may have some dampening effect on values, we should still expect them to increase for some time yet." <http://propertyiq.co.nz/>

## A spread of mortgages suggested

Borrowers need to think about their vulnerability to interest rate rises and consider taking some of that risk away by shifting some floating rate debt onto fixed rates. Were I borrowing currently I'd look for a simple risk-managing spread of one-third floating, one-third short-term fixed out to two years, and one-third in the three to five year area. Extract from Tony Alexander's weekly overview. [www.tonyalexander.co.nz](http://www.tonyalexander.co.nz)

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# Recent Wellington Residential Property Sales

Street Name	Suburb	Beds	SOLD	RV
Ohio Rd	Aro Valley	3	\$295,000	\$355,000
Marjory Close	Broadmeadows	4	\$483,800	\$435,000
Ohio Rd	Brooklyn	2	\$355,000	\$400,000
Ohio Rd	Brooklyn	3	\$452,000	\$500,000
Winsley Terrace	Churton Park	5	\$935,000	\$910,000
Hawtrey Tce	Churton Park	4	\$540,000	\$520,000
Churton Drive	Churton Park	3	\$335,000	\$320,000
Middleton Rd	Churton Park	2	\$290,000	\$295,000
Cunliffe St	Churton Park	3	\$300,000	\$290,000
Chorley Grove	Churton Park	3	\$541,000	\$460,000
Downing St	Crofton Downs	4	\$506,000	\$500,000
Lupin Tce	Greenacres	5	\$468,000	\$490,000
Mandeville Crescent	Grenada Village	3	\$385,000	\$360,000
Happy Valley Rd	Happy Valley	2	\$429,500	\$435,000
Evans Bay Pde	Hataitai	3	\$584,888	\$550,000
Te Anau Road	Hataitai	4	\$740,000	\$760,000
Overtoun Tce	Hataitai	1	\$215,000	\$195,000
Alexandra Rd	Hataitai	4	\$850,100	\$720,000
Houghton Bay Road	Houghton Bay	2	\$457,000	\$415,000
Buckley Rd	Island Bay	3	\$528,000	\$395,000
Dee St	Island Bay	5	\$785,000	\$720,000
Fraser Avenue	Johnsonville	3	\$437,500	\$390,000
Hawtrey Terrace	Johnsonville	4	\$578,000	\$590,000
Truscott Avenue	Johnsonville	4	\$537,000	\$500,000
Macaulay Street	Johnsonville	4	\$435,000	\$425,000
Sheridan Tce	Johnsonville	2	\$390,000	\$365,000
Fliers St	Karori	4	\$670,000	\$670,000
Mallam St	Karori	3	\$600,000	\$570,000
Voltaire St	Karori	3	\$520,000	\$465,000
Baxter Way	Karori	5	\$440,000	\$450,000
Woodhouse Ave	Karori	2	\$356,000	\$320,000
Monaghan Ave	Karori	3	\$680,000	\$680,000
Monaghan Ave	Karori	3	\$850,000	\$840,000
St Michaels Cres	Kelburn	3	\$600,000	\$620,000
Moana Rd	Kelburn	4	\$805,500	\$710,000
Bengal Street	Khandallah	1	\$145,000	\$230,000
Baroda St	Khandallah	3	\$545,000	\$550,000
Baroda St	Khandallah	3	\$620,000	\$620,000
Delhi Cres	Khandallah	3	\$662,000	\$650,000
Homebush Road	Khandallah	4	\$880,000	\$860,000
Cockayne Rd	Khandallah	4	\$920,000	\$900,000
Mandalay Tce	Khandallah	2	\$280,000	\$310,000
Onslow Rd	Khandallah	3	\$567,000	\$580,000
Woodmancote Rd	Khandallah	5	\$1,450,000	\$1,275,000
Kotinga St	Kilbirnie	9	\$600,000	\$600,000
Cabot Pl	Kingston	2	\$315,000	\$300,000
Kingston Heights Rd	Kingston	3	\$562,000	\$480,000
Handyside St	Linden	5	\$435,000	\$370,000
Queens Dr	Lyall Bay	1	\$170,000	\$160,000
Apu Cres	Lyall Bay	3	\$657,000	\$550,000

Street Name	Suburb	Beds	SOLD	RV
Queens Dr	Lyall Bay	2	\$350,000	\$400,000
Lyall Pde	Lyall Bay	6	\$715,000	\$570,000
Apu Cres	Lyall Bay	2	\$385,000	\$240,000
Melrose Cres	Melrose	4	\$530,000	\$440,000
Calabar Rd	Miramar	4	\$605,000	\$600,000
Strathavon Rd	Miramar	3	\$767,500	\$700,000
Wallace St	Mt Cook	5	\$840,000	\$880,000
Adelaide Road	Mt Cook	3	\$515,000	\$485,000
Hawker Street	Mt Victoria	3	\$900,000	\$900,000
Roxburgh Street	Mt Victoria	2	\$835,000	\$650,000
Robert St	Newlands	2	\$254,000	\$225,000
Sloane Terrace	Newlands	3	\$420,000	\$430,000
Link Rd	Newlands	3	\$481,500	\$410,000
Link Rd	Newlands	3	\$368,000	\$320,000
Sunhaven Dr	Newlands	3	\$385,333	\$380,000
Coromandel St	Newtown	3	\$390,000	\$370,000
Colway Street	Ngaio	4	\$605,850	\$510,000
Awarua St	Ngaio	3	\$317,500	\$305,000
Governor Rd	Northland	3	\$470,000	\$500,000
Orangi Kaupapa Rd	Northland	3	\$475,000	\$580,000
Orangi Kaupapa Rd	Northland	3	\$793,500	\$720,000
The Rigi	Northland	3	\$302,000	\$490,000
Puketiro Avenue	Northland	4	\$691,000	\$690,000
Ohariu Valley Road	Ohariu Valley	4	\$625,000	\$620,000
Mark Avenue	Paparangi	4	\$392,000	\$380,000
Pelorous Street	Paparangi	3	\$441,000	\$430,000
Main Rd	Redwood	2	\$340,000	\$250,000
Tirangi Rd	Rongotai	3	\$500,000	\$425,000
Tirangi Road	Rongotai	4	\$650,000	\$650,000
Boardwalk Lane	Seatoun	4	\$1,245,000	\$1,225,000
Townsend Rd	Seatoun	4	\$350,000	\$680,000
Broadway	Strathmore	3	\$581,000	\$495,000
Bury Gr	Strathmore	3	\$310,000	\$490,000
College St	Te Aro	2	\$340,000	\$380,000
Molesworth St	Thorndon	1	\$230,000	\$240,000
Thorndon Quay	Thorndon	2	\$320,000	\$310,000
Ohio Rd	Vogeltown	2	\$397,000	\$370,000
Weld St	Wadestown	4	\$1,505,000	\$1,125,000
Gilmer Tce	Wtn Central	2	\$331,500	\$339,000
Tory St	Wtn Central	2	\$410,000	\$460,000
The Terrace	Wtn Central	2	\$458,000	\$460,000
Willis St	Wtn Central	1	\$268,000	\$270,000
Taranaki St	Wtn Central	2	\$230,000	\$285,000
Featherston St	Wtn Central	1	\$94,000	\$170,000
Featherston St	Wtn Central	1	\$98,000	\$190,000
Martin Sq	Wtn Central	1	\$113,000	\$121,000
Wakefield St	Wtn Central	3	\$375,000	\$510,000
Cable St	Wtn Central	3	\$570,000	\$640,000
Peppertree Lane	Woodridge	4	\$484,000	\$475,000
Woodridge Drive	Woodridge	3	\$355,000	\$345,000

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