

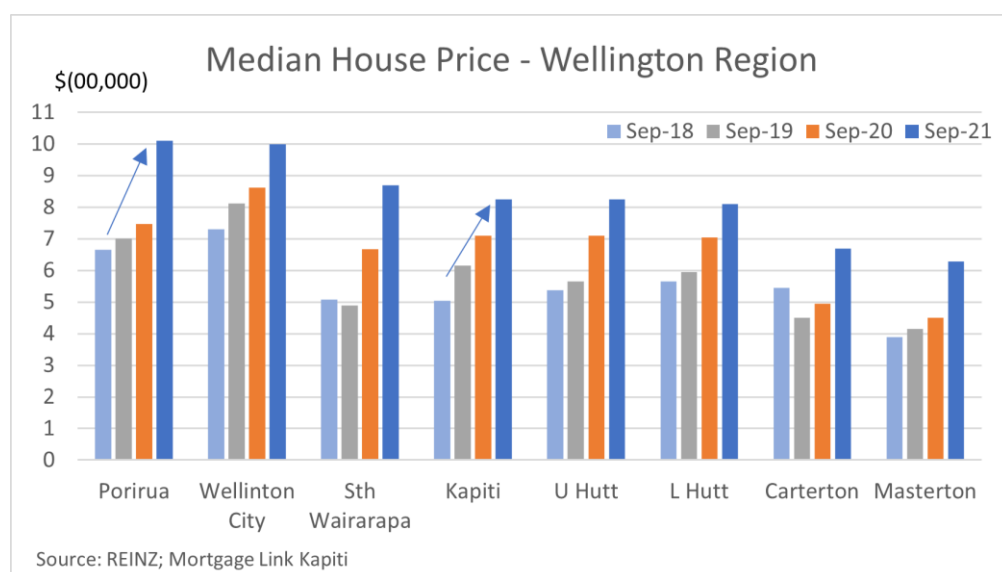
The Wellington region - A tale of two million-dollar cities

The Real Estate Institute of New Zealand (REINZ) recently released their property market report for the month of September 2021.

The median house price in the Wellington region increased by 13.7% over the year to \$845,000. This was slightly lower than the August median price and is part of a broader trend of slowing house price growth.

In a surprising turn, Porirua City recorded the highest median price in the region, surpassing Wellington City and breaking through the \$1 million mark for the first time. To be fair, there has been a lot of volatility in recent months with the median price in Porirua dipping last month after settling in the early-mid \$900,000's. But it serves to highlight (as if needed) just how out of reach home ownership is for many families. Those looking to get a foothold on the property ladder are having to look much further north, with Levin feeling the heat in recent months pushing the median price in the Manawatu District to a record \$720,000 in September.

The median price in Porirua City was \$1.01 million and in Wellington City it was \$1.00 million.



The median price in the Hutt Valley has settled in the \$800'000's in 2021:

- The median price in Lower Hutt dipped to \$810,000 in September after rising to the mid-high \$800,000's for much of 2021
- Prices in Upper Hutt have settled in the low-mid \$800,000's, recording a median price of \$825,000 in September.

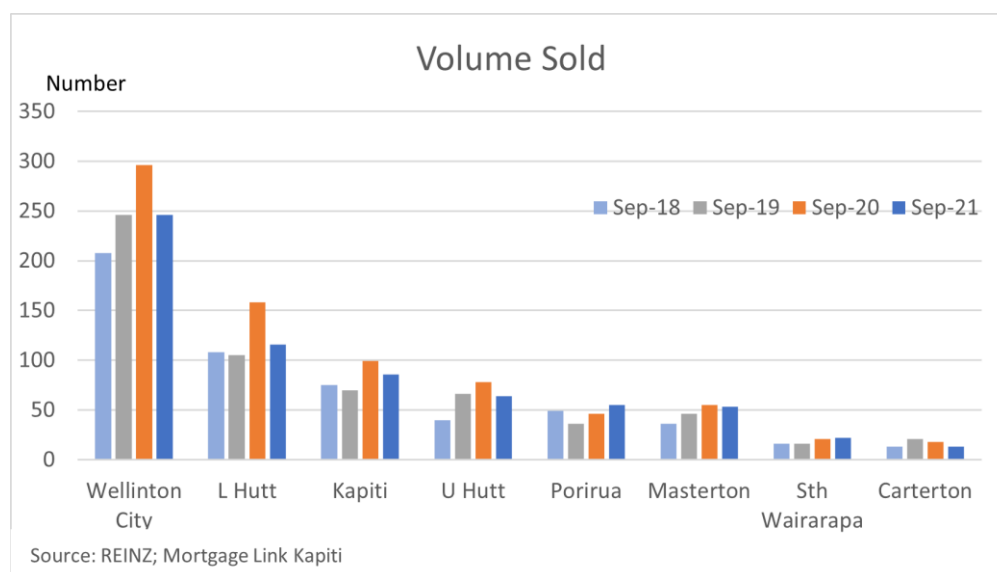
Over the past year, we have witnessed a trend of people looking to the surrounding districts for opportunities to find more reasonably priced property, particularly given the opportunities to work from home presented by our experience with lockdowns in 2020.

As part of this trend, price growth has been strong in both Kapiti and the Wairarapa, with double-digit annual price growth continuing to be recorded:

- In Kapiti, there are signs that house price growth may be on the turn after peaking at an insane 39% in May. The median price in Kapiti has eased after peaking above \$900,000 in April, recording a median price of \$825,000 in September. Mirroring this theme, annual house price growth has slowed in recent months, to 16.3% by September
- The median house price in the Wairarapa has been fluctuating upwards in the \$600-800,000 price band in 2021. Within the region, the figure in South Wairarapa has increased sharply in the last couple of months to a record \$870,000 in September (+30.4%). The median price in Carterton District was \$670,000 (+35.4%) and Masterton District was \$629,000 (+39.8%).

Low in inventory is constraining sales in the Wellington Region

Stock levels increased to 7 weeks of inventory in September, which is 1 week more than the same time last year. However, Wellington is one of the regions with the tightest inventory level nationally. This in turn continues to constrain sales growth. This is part of a national trend where the volume of inventory is inhibiting activity in the market.



The REINZ had the following observations for the region:

- While COVID-19 restrictions have impacted Wellington's market, year-on-year listings increased by 14.5% when compared to September last year
- The median days to sell increased from 26 days in September 2020 to 41 days in 2021, the highest level since 2008. This is above the 10-year average for September of 32 days
- 36.0% of properties sold above the \$1 million price point compared to 18.8% one year ago
- This has resulted in some Wellingtonian investors looking in different regions such as Christchurch, where values are lower
- The usual summer activity is expected as we head into the warmer months, alert levels permitting, with an increase of buyers looking into new builds rather than existing homes.