





Gisborne Residential Marketbeat – Autumn 2019

 <p>MEDIAN PRICE \$357,000 ▲ 19%</p>	 <p>TRANSACTION COUNT 123 ▼ 21%</p>	 <p>AVG DAYS ON MARKET 40 ▲ 8%</p>	 <p>RESIDENTIAL BUILDING CONSENTS 20 ▲ 5%</p>
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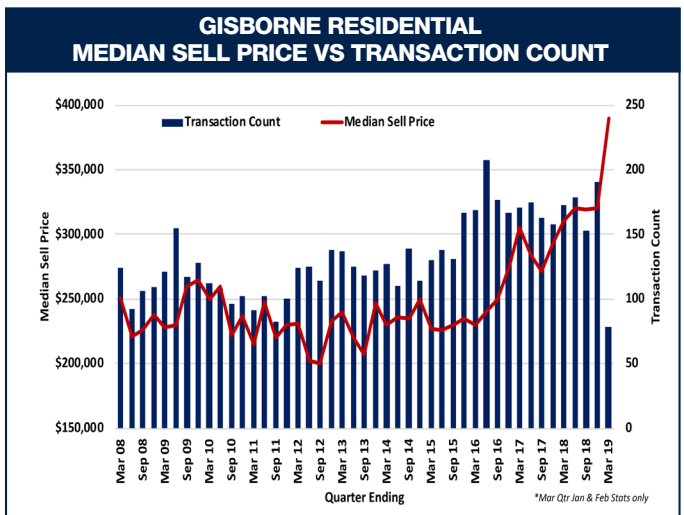
All Figures compare three months to February 2019 with three months to February 2018

The Gisborne residential market is currently amongst the best performing markets in New Zealand in terms of value growth. Over the three month period to February 2019, the growth in median value is up 19% to \$357,000, when compared with the same period a year prior.

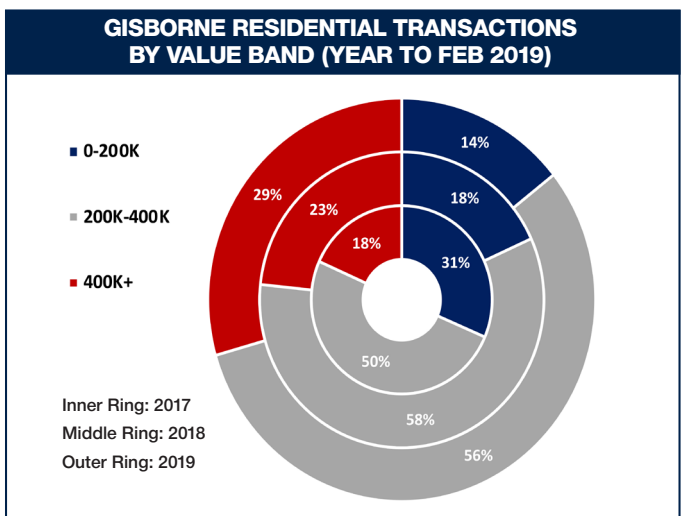
The Gisborne residential market has shown rapid value growth since 2015, increasing by 36% when comparing the December quarter of 2015 with the December quarter of 2018. This momentum has continued into 1Q 2019 with a strong spike in provisional values. The March 2019 quarter, (covering sales for January and February only), recorded an historically high median value of \$390,000, showing no signs of a slowing market.

Residential values and transactional activity has remained well underpinned by increased demand from investors, retirees, young professional couples and an increased number of people coming from the regions with their families for job prospects or to reside and relax in the city of wineries and surf beaches.

The distribution of transactions between differing value bands has moved significantly over the last three years. Sales in the upper value band (i.e. properties selling for more than \$400k), have risen to almost 30% of all sales in the year to February 2019. A combination of rapidly increasing values and buyers with higher levels of equity purchasing higher end homes, has worked to create the movement in value band distribution. Whilst the proportion of sales in the upper value band increases, the proportion of sales for under \$400k has decreased year on year, however a large proportion of purchasers in this price bracket are using their kiwi saver, contributing to increased market activity.

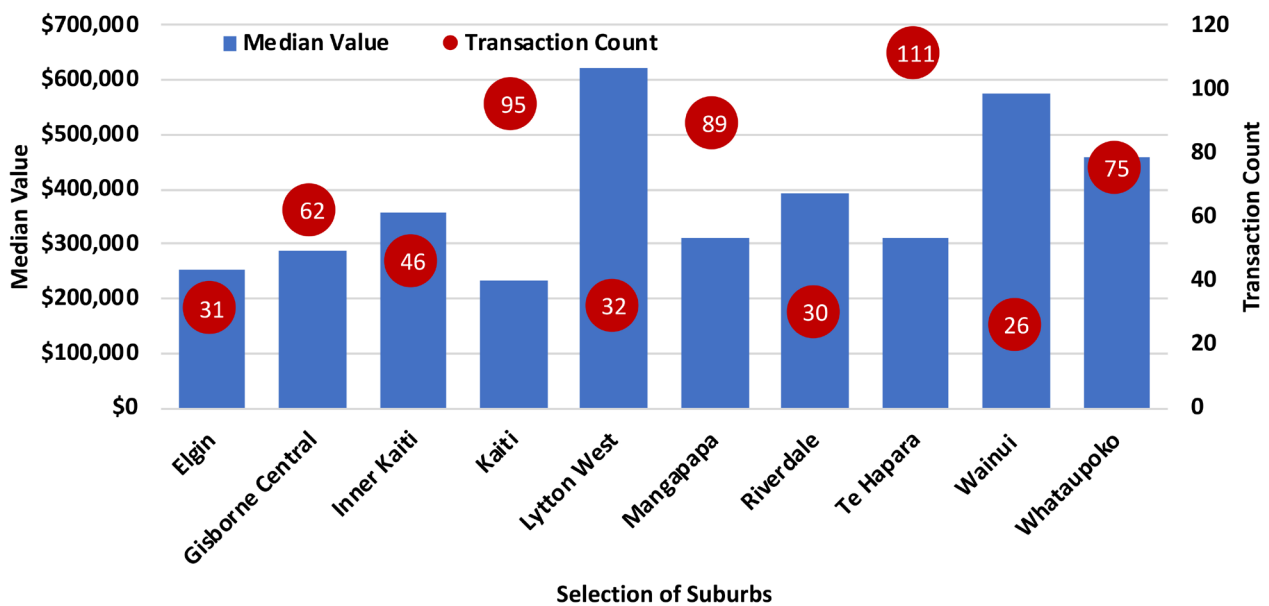


Source: REINZ



Source: REINZ

SELECTION OF GISBORNE SUBURBS RESIDENTIAL MEDIAN VALUE V TRANSACTION COUNT (YEAR TO FEBRUARY 19)



Source: REINZ

When analysing Gisborne by suburb, the most sought after locations can be readily identified. Lytton West gained the title of the highest value suburb over the year to February 2019, holding a median value of \$622,500. The most active (and more affordable) suburb in the market is Te Hapara, witnessing 111 sales over the year to February 2019.

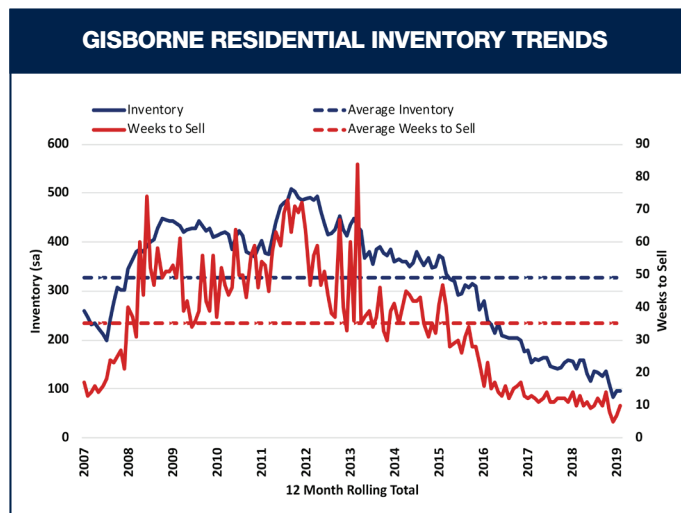
Selection of Gisborne residential suburbs – 12 months to February 2019 compared with 12 months to February 2018.

	Median Value	% Change	Transaction Count	% Change	Days on Market	% Change
Elgin	\$255,000	20%	31	-18%	32	-4%
Gisborne Central	\$287,500	1%	62	-5%	48	27%
Inner Kaiti	\$360,000	9%	46	0%	27	-31%
Kaiti	\$235,000	6%	95	25%	40	11%
Lytton West	\$622,500	14%	32	39%	43	36%
Mangapapa	\$310,000	17%	89	2%	32	-29%
Riverdale	\$392,000	16%	30	15%	32	-16%
Te Hapara	\$310,000	19%	111	-20%	34	11%
Wainui - Gisborne District	\$575,000	-2%	26	18%	37	-37%
Whataupoko	\$460,000	19%	75	-15%	40	1%

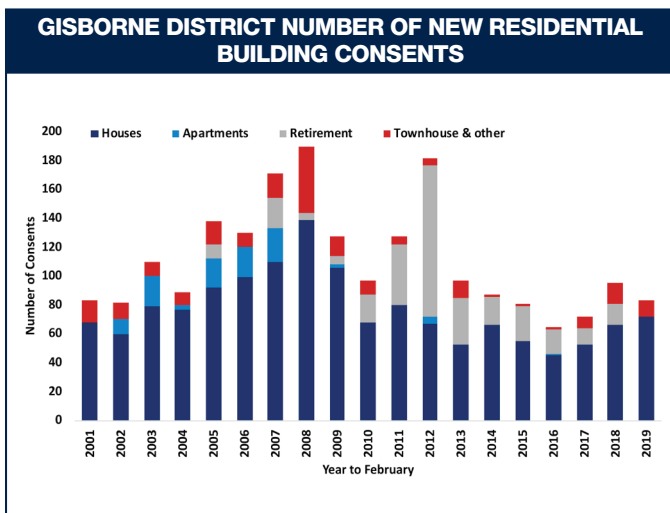
Source: REINZ

Nearly all Gisborne suburbs witnessed price appreciation when comparing the past 12 months to February 2019 with the same period a year prior. Elgin was the highest growth suburb with a median value of \$255,000, an increase of 20% when compared with the prior year. Lytton West witnessed the highest growth in sales activity, up 39% when compared to the same period a year prior.

Gisborne residential inventory is at historically low levels as the total amount of stock available to sell on the market sits at just 96 properties in the month of February 2019, 71% lower than the long term average of 327 properties. The average number of weeks it would take to sell down total inventory was just 10 weeks in February 2019, well below the long term average of 35 weeks. Record low inventory levels and strong demand are creating tight market conditions where any property available to sell is quickly absorbed by the market.



Source: Realestate.co.nz



Source: StatsNZ

The construction sector in the Gisborne District is yet to respond to the surge in demand. Capacity constraints in the construction sector including available labour (plus rising building costs), combined with scarcity in available land in high end locations provide ongoing challenges.

Construction activity in Gisborne continues to be dominated by stand-alone houses, holding a 87% share of all consents issued. Scope remains in the market for increased development activity for high density housing with Apartments and Townhouses, combined, making up just 13% of total consents.

The Gisborne rental market is facing challenging times. The squeeze is on with low levels of stock available, low levels of residential construction activity and a growing number of investors selling their properties to owner occupiers. Agency feedback suggests that these conditions are resulting in an increased number of tenants competing at open homes which, in turn, is putting upwards pressure on residential rents.

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