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KEYS VALUERS LIMITED - TAUPO E-NEWS



MARKET UPDATE SEPTEMBER 2017

Latest Market Data

- Alex Keys

The Taupo Property Market remains active on the back of 24 months of strong growth. 2017 has been interesting, the number sales over the last 6 months has dropped 22% compared to the same 6 months in 2016 where the number of sales in August 2017 was 60 compared to 79 in August 2016. Sales volume is now generally within the 55-85 sales per month, down from 2016 highs which peaked at over 100 sales in March and May 2016.

The median sale price is currently \$432,500 this is well up (18%) from 2016 figures however, this is a combination of a general market increase in values and partly due to the price range that is currently selling well rather than a substantial general overall value increase. The Taupo market has seen good sales volumes in the \$600,000 to \$1M range accounting for a large part of the median house price increase, while the lower end of the market has been relatively quiet.

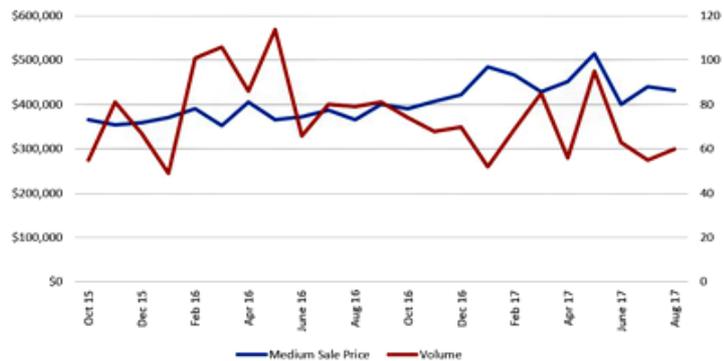
What does this mean?

- Mark Apperley

While the market has slowed we would still describe the Taupo property market as strong, we still have good sales volume in historic terms (see chart below). While we have come off the highs of over 100 house sales per month, the current volume in the 55-85 range still provides a strong market particularly given the low number of listings keeping competition from buyers high.



Median Sale Price versus Volume



The early signs of the market slowing we reported on in December has now been confirmed through the drop in sales volume. We have however, also observed the low number of listings available in the market, this low supply combined with strong demand is providing buyer competition. While listing numbers remain low we would expect competition for good quality properties to remain strong resulting in a market still favouring the vendor.



Have we reached the peak?

You really only know where the peak of a market is after you have been passed it, until then it's an educated guess at best. However more and more evidence would suggest we are at the top of the cycle.

What we do know is that while market fundamentals are strong i.e. interest rates remain low, net migration is at historic highs, supply is still very low and with strong demand from buyers, the market will still likely favour the vendor.

What is having an impact is credit supply. Loan to Value (LVR) restrictions have been impacting purchasers, and we are increasingly hearing reports of banks reluctance to provide funding particularly in the Commercial and Development area.

What are we watching? - 2017 Elections

Uncertainty and risk are present, market participants need to watch general market sentiment. A possible change in government may bring policy changes that could effect property prices. These range from changes in migration, investment and tax rules, and potential government involvement in property markets. While on the macroeconomic side, watch US policy changes, Brexit, and also issues around North Korea.

Our advice to clients remains to take professional advice and make prudent purchasing decisions. The market has slowed and there is downside risk for over optimistic purchasers exposing themselves to future market fluctuations.

TKV News - New Registered Valuer

We are proud to announce Mark Apperley has recently attained "Registered Valuer" status, having passed a robust assessment, exam and interview process. Mark continues to provide clients with a high level of service and accuracy and has a bright future ahead. Congratulations Mark.

What's my house worth?

Keys Valuers Ltd can provide you with the current market value of your house, so you can make informed decisions when buying or selling in this changing market. Often a home is a persons largest asset so whether buying or selling a home, establishing its current market value is crucial.



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Coming up in the next issue:

In the next issue we will be looking into impact of the election result and the anticipated increase in listings with Spring now upon us.

Disclaimer:

All the statistical and sales information contained within this report has been gathered from third parties and is intended as a guide only. Professional advice should be obtained before making any property related decisions.