



HAMILTON - when will the market level out?

That is the million dollar question that most people have an opinion on but no one really knows. The Hamilton and Cambridge residential markets have experienced a remarkable, prolonged boom with sharply lifting prices, high sales volumes and extreme shortages of available stock for sale.

Educated opinion suggests those price rises will continue, whilst there remains a supply/demand imbalance and the competition for homes remains fierce. Lugton's cannot see the scarce supply side of the equation returning to normality in 2016. Normality equates to somewhere around 10 weeks supply of for sale housing stock – currently Hamilton has around half that.

The unique set of demand factors that have characterised this extraordinary boom don't appear to be abating. They are:

1. Huge migration flows;
2. Stricter LVR restrictions in Auckland creating the "Halo" Effect ie. heightened investor demand spill over into the Waikato and Bay of Plenty;
3. A low interest rate environment boosting property as an attractive investment option.

So what in the second half of 2016 is going to put the brakes on any of these three?

Well positive migration is predicted to continue for a while and interest rates don't look like lifting in the short to medium term. Added to that is talk of the Reserve Bank implementing further restrictions in an attempt to cool the heated housing market. If Reserve Bank measures are isolated to Auckland then that might further fuel demand in the Waikato. But if the recently mooted Loan to Income restrictions are applied across the entire country then that will probably have the following effect. A stampede of purchasing before any new restrictions come into effect, then a reduction in demand for a period before the market adjusts to the new landscape.

So back to the original question – when will the market level out?

Barring a more radical Reserve Bank intervention than most commentators expect; a level out in the Waikato is unlikely before 2017. But speculating past Christmas this year is certainly crystal ball gazing and only time will tell. Potential sellers should certainly capitalise on the current market conditions, rather than delay coming to market, as they are about as favourable as they get. The longer price rises continue into 2017 the greater likelihood of a market correction as happened post boom in 2007.

April 2016
April 2015

Hamilton Residential Sales = 371
Hamilton Residential Sales = 296

Median Price = \$458,000
Median Price = \$375,000



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LUGTON'S GAZEBO

Does your school, sports club or community group have a need for the Lugton's gazebo? This six metre by three metre covered area is great for sports days, galas or a variety of other uses. We are only too happy for it to be utilised out in the community absolutely free of charge. It is one small way where we can show our appreciation and give back. Don't be shy, if you have a need, contact me to book it for you.



WHAT'S YOUR PROPERTY WORTH AT PRESENT?

The Hamilton and Cambridge markets have experienced some staggering price lifts in 2016, most notably in the last nine months. Now is a great time to get a Lugton's Market Update to see where your property sits in terms of price. You may be very pleasantly surprised at the equity you have built up in your property(s). You may be in the perfect position to purchase an investment property or two as a result of your improved financial position? But if you don't enquire you'll never know.

It's as simple as giving me a quick call to arrange a free, no obligation market appraisal of your property(s). I would only be too happy to be of service so don't delay, call today!

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