

Rent or buy report for August 2018 - Whanganui District

24 September 2018

A monthly assessment of renting a property versus taking out a mortgage

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To buy or to rent

The purpose of this Report is to help you decide when to move from renting to owning. The indicators in here show whether you should continue to rent-and-save-for-a-deposit, or when the time is right to buy.

For many, the goal of owning your own home remains a powerful objective - one we support. But affordability issues can be serious barrier to achieving this, and renting is often seen as a 'second best' outcome – what you are left doing if you can't afford to buy.

However, this Report is aimed at renters who want to buy, and suggests when conditions are appropriate to make the move from renting to owning.

Market overview

The national median house selling price has decreased to \$549,000 in August, down from \$550,000 the previous month. Annually, the growth is recorded at 3.6% against last year. Among major cities, Wellington has dominated the growth with an annual rise of 18.0%.

Lower quartile houses, which are usually sought by the landlords and first-home buyers, increased 6.9% annually to \$375,000 at the national level. In Wellington, this category rose to 12.3%.

At the national level, median rents for a three-bedroom house are \$420/week, up from \$395/week last year.

There is a definite leveling off in new housing construction nationwide. Building consents data shows that, and our own monitoring of new residential titles confirms it. That means that

supply of housing is lagging further and what is being built is the expensive end, which in turn means affordable housing is under even more intense pressure.

At the same time, low interest rates make it harder to save for a deposit, and those same low rates work to push up prices for the existing housing stocks