

Total Talk

April / May 2020

Real Estate Under Covid-19 Level 3

Our thoughts are with all of our clients at this time as you work through the challenges and navigate life at Alert Level 3. We hope you all remained safe and well during the lockdown and it has been very heartening to see the progress we have made as a nation in bringing our case numbers down significantly.

At Total Realty we have put in place strict protocols and measures to ensure the health and safety of our homesellers, buyers and staff as we conduct business at Level 3. While our physical offices remain shut to the public, our administration, management and sales team are all operational from their homes and some are already becoming very busy with inquiry over the past week.

Below are some of the key changes that are in place for the Real Estate industry at Alert Level 3:

- Buyer viewings are restricted to two people at a time (plus one accompanying agent) and only two viewings are permitted per day per property.
- Buyers must register their full details onto a track and trace register which is maintained by the agency. They will also be asked to confirm prior to viewing that they have not been unwell, self-isolating or in contact with a Covid-19 case in the past 14 days.
- Buyer appointments are "contactless". This means buyers cannot open cupboards or doors inside the home. We request that our homeowners consider leaving internal doors and kitchen cupboards open prior to the viewing so that buyers can see inside these easily.
- Agents will be equipped with hand sanitiser and cleaning products at every viewing and will clean any surface that is accidentally touched. Shoes will be removed at the door.
- Any offers will be negotiated remotely - not in person - and signed either using online technology or contactless delivery of documents.
- Building inspection reports are permitted after a contract has been signed and the building inspector must adhere to strict Level 3 safety guidelines and attend the appointment on their own (buyer cannot be present but agent can remain outside or in one room). This also applies to professional photographers if you are coming onto the market during level 3 and having your home photographed.
- Settlement and moving house is permitted at level 3. We will have contactless delivery of sanitised keys to buyers on settlement day.

If you have any other questions or want to discuss this further with us please don't hesitate to call or email us. We will be only too happy to talk with you!

Price Predictions

Real Estate prices across New Zealand hit record highs with the median house price reaching \$665,000 in March 2020, up 13.7% from a year ago. The impact of Covid-19 has seen many media headlines predicting a 10% fall in house prices. However prices in a free market are driven by supply and demand and the situation is not looking as gloomy for real estate as what the headlines may indicate.

There are three main ways that Covid-19 could affect supply; firstly increased bankruptcies and personal financial pressure could force owners to sell - however this has been strongly mitigated by mortgage holidays, and the governments financial support packages - up to \$12 billion for wage subsidies and business support, with the government paying out a generous 12 weeks wage subsidy for a 5 week lockdown. Secondly a high Covid-19 mortality rate would increase housing supply, however our early and aggressive approach has seen NZ have one of the world's lowest Covid-19 death rates, with deaths below 20 at this stage. Third is that the construction sector has been halted for over 5 weeks, meaning that at least 3,000 houses less will be constructed this year compared to what otherwise might have been, as well as increased financial uncertainty which will see a more cautious approach by developers.

On the demand side, the OCR has dropped to a record low of 0.25% making borrowing costs lower than they have ever been. Retirees living off interest from savings will be looking into alternative investment options, with real estate investment being the next safest income generating possibility. The reserve bank is looking into easing the LVR ratios so that a lower deposit is required to purchase a property - this change alone will open the market to many new buyers that were otherwise locked out. We also have seen a record number of kiwi's returning home with net immigration reaching an annualized rate of 65,000 in February.

All these factors combined sees the real estate market reasonably well supported.



Lockdown Competition Winners!

Huge congrats to our 1st, 2nd and 3rd place winners of our house building competition during lockdown! Such creativity and dedication to their entries!

- 1st - Sasha (8) from Dunedin!
- 2nd - Pipi (4) and Maia (8)
- 3rd - Amber (9) and Aiden (6)



Brain Workout - Sudoku

Can you work out this "Tough Sudoku"?

Fill in the numbers from 1 to 9 without repeating any in a row or column, or any of the nine squares!

Good Luck.

5		7				3		
9				2			6	4
					4			5
				9	6		1	2
			3		8			
8	9		2	4				
4			6					
6	8			5				3
		9				6		8

Laughter is the best medicine



"We've decided to wait while the housing market returns to normal. Call us when the seller drops the price from \$999,000 to \$40,000."



"Thinking of selling? Call us today!"

Rachael Cone, AREINZ
Director
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Stats - FROM THE - Street

Median Sale Prices

Mar 2020 (vs Mar 2019)

National (+13.7%)	\$665,000
Auckland (+11.1%)	\$950,000
Wellington (+13.4%)	\$711,000
Christchurch (+6.8%)	\$490,000
Nelson (9.5%)	\$605,000
Dunedin (+11.3%)	\$540,000

What people are saying about us

"Total Realty is upfront, professional and makes selling affordable. I cannot think of anything to improve on - office staff and agent were brilliant to deal with."

Billie Pritchard

"Total Realty was recommended to us as their fee was a lot more reasonable than others. I found the whole process painless and our agent was fantastic, and helped us through what could have been a stressful process being first time sellers."

B & A Anderson