

Real estate market research project

Simes Limited
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Summary

The Christchurch City Council engaged Simes Limited to prepare a research project on the real estate market in the Akaroa Harbour Basin. The report provides information and analysis concerning current and anticipated real estate market trends and issues for urban activity within the Basin. The report examines market influences and market trends, the nature of property ownership, availability of land and potential for further development, price trends, future development options and comparisons with the real estate market in Hamner Springs and Kaikoura.

The methodology behind this report was primarily based on an analysis of Census data, valuation and house and land sales data, combined with surveys or interviews with local real estate agents.

The key findings of this report were as follows:

Residential demand and value:

- There is a significant demand for lifestyle blocks and a shortage of supply.
- There is a stronger demand for houses, rather than sections.
- Highest residential demands are in Akaroa and Takamatua.
- Sections between 600 – 800 m² are likely to be most in demand for those wanting holiday homes or permanent residents.
- Location, views, aspect and contour are the most significant factors affecting sale prices:
 - Vendors pay a significant premium for direct harbour views. North and west facing blocks are favoured because of the sunny aspect.
 - It is likely that there will always be pressure for residential development on or close to the waterfront throughout the harbour.
 - Ideal contour requirements: sections steep enough so that views from homes are able to be maintained, yet not so steep as to incur significant building and access costs.
- Sections without views (eg valley areas south of the Akaroa township) could be developed to provide lower-priced housing, however this is less likely to appeal to developers as the real demand is for sections with views

Holiday homes:

- Over 90% of urban real estate transactions involve holiday homes. Holiday home purchasers are generally not looking at housing as property investments or for redevelopment, and demand is generally not affected by the local economy.
- In Akaroa, the number of 'unoccupied' dwellings (ie empty dwellings or the residents away) increased 32% between 1996 and 2006. Approximately 70-80% of urban properties in the harbour basin settlements are used as holiday homes.
- For holiday homes, the larger the section the greater the likelihood that natural regeneration and some native planting will establish due to the need for easy-care sections.
- Holiday homes tend to carry low or minimal debt, therefore the market is less susceptible to interest rate fluctuations.

Rental properties

- House rental prices are similar to an 'average' Christchurch suburb, despite significantly higher median sale prices. This means there is an absence of investors purchasing in Akaroa due to the low return on capital invested.

Akaroa:

- The median house price in Akaroa is well above Christchurch, with the gap increasing over time.
- The current rate of housing growth in Akaroa is approximately 10 houses per annum, a lower rate of development compared to the period between the 1970s and 1990s. Theoretically there are sufficient sections to cater for this growth, although many are not regarded as developable (eg shaded, difficult to development, lacking views).
- Based on current demand and zoning patterns, the majority of property transactions take place in Akaroa and future growth will largely be centred here. This is due to the north-facing aspect, the range of community services and facilities and the proximity to leisure and recreational activities (eg cafes, beach and boating facilities).
- It is regarded by those involved in the property market that any growth should be controlled so as not to affect the village and colonial character of Akaroa or the wider landscape values of the harbour basin.

Duvauchelle and Takamatua:

- Duvauchelle and Takamatua are regarded as having the highest percentage of permanent residents.
- The closeness of Takamatua to Akaroa is likely to result in a steady demand for property over the next 30 years.
- In Duvauchelle, four to six new houses are being built per year and there is existing potential within the residentially-zoned land to meet demand for some time.

Wainui:

- The supply of land available for homes and potential for growth is greater in Wainui than the other settlement study areas, apart from Akaroa. However demand is no higher than in other communities.

Other settlements:

- Real estate agents advise relatively low demand in the other small settlements.