

The Head of Macro Financial Department

Reserve Bank New Zealand

Dear Sir/Madam

This Submission is on behalf of my company, Talk Property Ltd, trading as HARCOURTS TAUPO, and the Real Estate industry in Taupo. I am also the **District Forum Leader on behalf of REINZ** in the area also, so I speak on behalf of over 100 salespeople in the area. I am also a **Taupo District Councillor** so I speak on behalf of the town when I say we do not want our economy slowed down due to the Auckland issues being grouped with ours. A thriving Real Estate market is closely linked to the town being vibrant and busy, they are very inter connected.

I strongly urge the Reserve bank to only place ANY restrictions on investor lending or changes in LVR's only in the AUCKLAND AREA and I have discussed my thoughts with Louise Upston on previous occasions. I have also had the same discussions with John Key when we have met, including recently when he visited Taupo at the end of June. He did reassure me at that time that if the reserve bank did change any LVR's they would be likely to be done in the Auckland (and maybe Tauranga) area only so I was very disappointed that the whole country was included in this recent announcement.

Taupo, and other provincial areas, are just starting to come right after the LVR & deposit to 20% changes at the end of 2013 which absolutely threw our property market into chaos, our sales plunged down to half their previous volumes as you will see (**Attached Taupo Property Sales 2012/2013/2104**). We are now seeing solid sales again to better volumes after struggling through the past few years at average numbers (**attached Taupo Trends Winter 2016**)

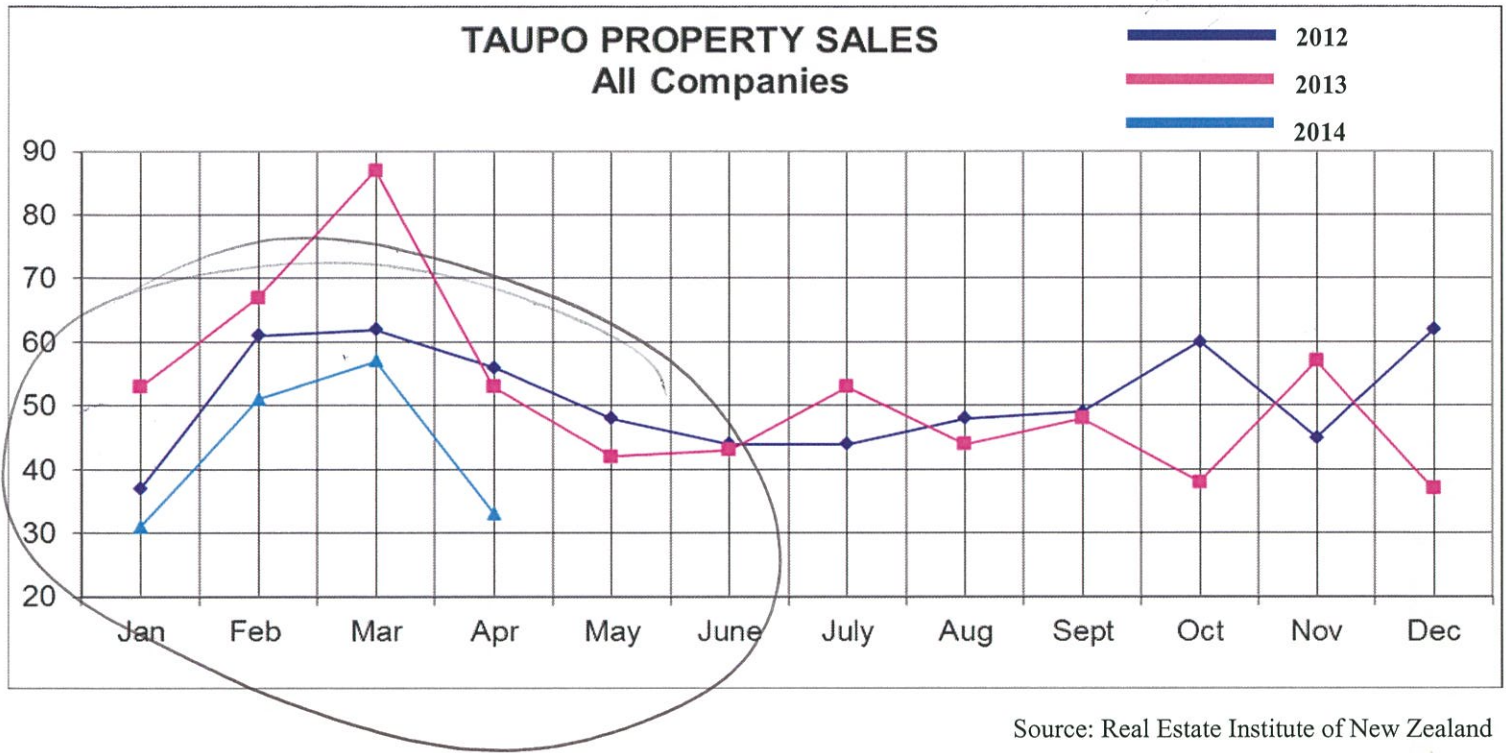
It is not the provinces that have immigration problems and land shortages, we have many subdivisions opening up and now available and it is **Auckland only** experiencing council issues, so why are we being lumped into the same scenario? Our market prices are not doubling, our median sales price is still around mid \$300,000's as opposed to the low \$300,000's where it was a few years ago, it is **Auckland where that has jumped to around \$900,000**. If you look at the charts you will see most of our sales are still in the \$300,000 to \$500,000 range, with the extra sales being made in the middle range by Aucklanders who cannot buy in their own area, which we welcome along with our own investors.

I respectfully urge you to leave the provinces alone, if you take the Auckland market out of your calculations you will see that **prices in provincial NZ have changed by different percentages**. In 2009 Taupo's market dropped by 15%, and now in 2016 it is only back up by 5% which is still below the rate of inflation. Auckland's major price increases started back

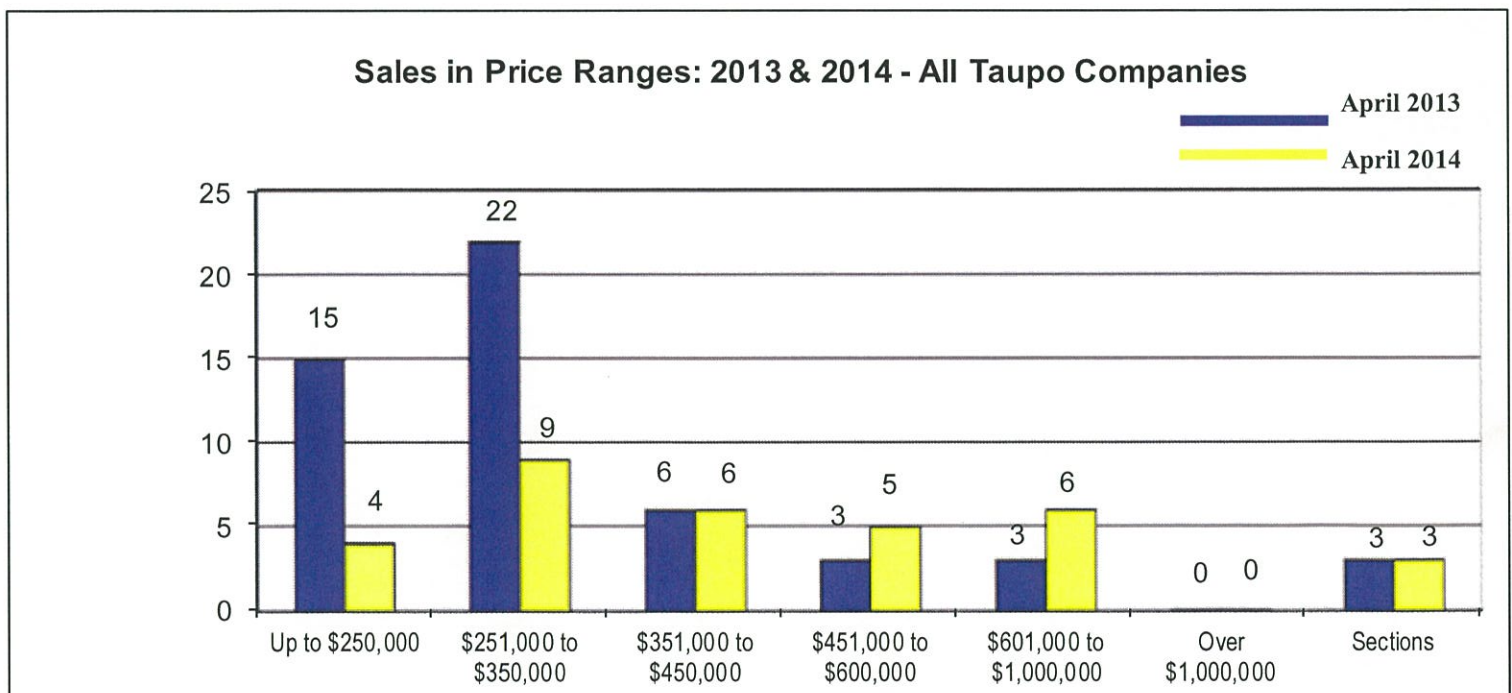
in 2011 which is around 5 years ago, whereas the regions have only started to see an increase about a year ago (see my latest chart)

As I have said previously there are two markets in this country, **AUCKLAND.....which is almost now really an international market due to the immigration, so this gives a false impression of the overall real estate market.**

THE REST OF THE COUNTRY NEEDS TO BE DEALT WITH QUITE SEPARATELY AS IT HAS DIFFERENT ELEMENTS, WE HAVE BETTER GROWTH FOR INFRASTRUCTURE AND MORE LAND AVAILABILITY ETC. PLEASE DON'T REGRESS OUR MARKET TO TRY AND STEM THE FLOW IN AUCKLAND, IT ISN'T A LEVEL PLAYING FIELD!

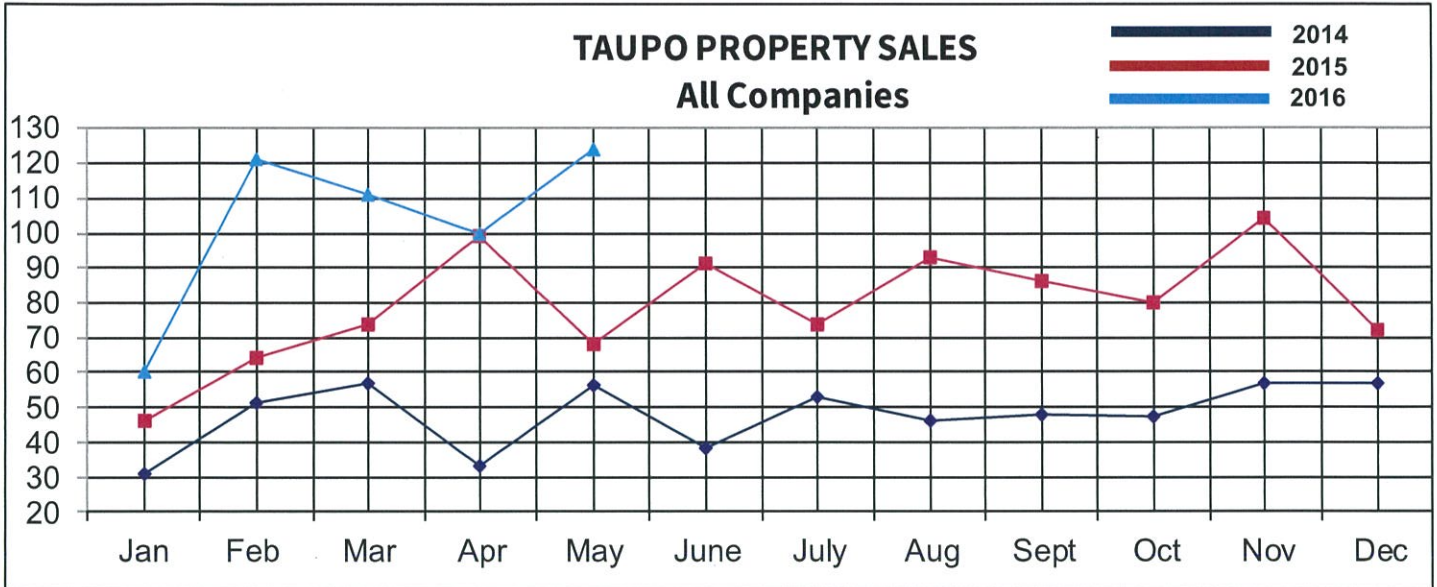


April 2014 sales took a dip from March's figures in line with the whole country, as the Reserve Bank's LVR restrictions on higher deposit requirements still hinders first home buyers. It shows in the cheaper price ranges as the sales volumes have remained lower at this end, so this is the ideal time for investors to be snapping up well priced property while rental demand is still steady. The middle to upper end of the market has retained strong momentum as Taupo offers a great selection of quality property for holiday makers or those moving here from bigger centres, as value for money here in comparison to other markets is quite stunning. After a settled and sunny Autumn we look forward to promising winter ahead.



Taupo Trends.

Issue 133 Winter 2016.



May sales were up again at 124 (including 13 sections), almost double last year's figures of 68. There is huge growth on last year's numbers in the "up to \$350,000" price range which is likely due to the ongoing interest from city buyers looking for out of town investments, and first home buyers still purchasing well priced property if they move quickly on new listings. There is also still strong growth in the middle price ranges as we see more people planning their future move here to Taupo, but buying now while prices are still affordable. Due to the lack of property available many owners are achieving record prices, so prospective sellers are urged to sell now while demand is high rather than waiting until spring, the current sales volumes are evidence of that.

Source: Real Estate Institute of New Zealand

Sales in Price Ranges: 2015 & 2016 -
All Taupo Companies

