

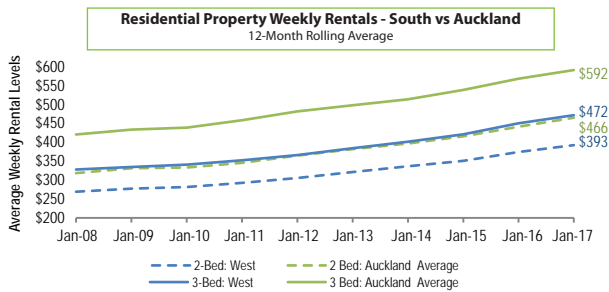


Suburb Review: West Auckland

Rentals

Average rents across West Auckland remain well below the average for the greater Auckland region (Rodney to Pukekohe). Over the past 12 months, West Auckland 3-bedroom rentals had an average weekly rental price of \$472; 20% lower than the average greater Auckland 3-bedroom rental of \$592.

2-bedroom rentals in West Auckland were 16% lower with an average rental price of \$393, compared to \$466 for greater Auckland. Looking at the individual suburbs, rental prices for both 2-bedroom and 3-bedroom properties have increased consistently at approximately 5% over the past year.



Residential Property Weekly Rentals by Suburb for West 12-Month Rolling Average

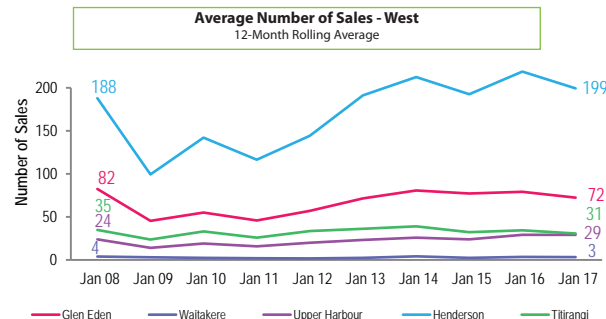
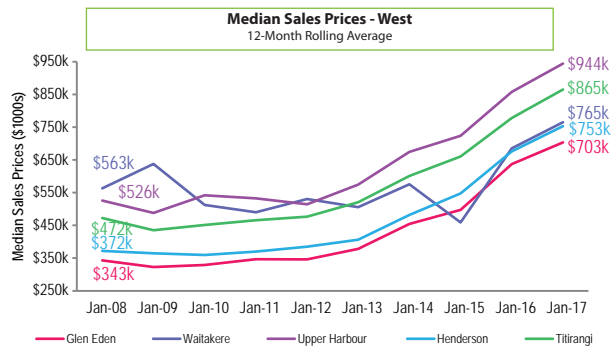
| | West Auckland | Te Atatu | Avondale |
|----------------------|---------------|--------------|--------------|
| Av 3-bed Rent | \$472 | \$498 | \$523 |
| %Change Jan16-Jan17 | +5% | +5% | +4% |
| Av 2-bed Rent | \$393 | \$414 | \$425 |
| %Change Jan16-Jan17 | +5% | +5% | +6% |

Source: REINZ

Sales

West Auckland suburbs have generally experienced substantial growth in average sales price since 2013, however this growth in average sales price has eased in the year to January 2017. Most notably, average selling price in Glen Eden grew 10% in the year to January 2017, compared to 28% in the previous year. This trend was also evident across the other main West Auckland suburbs.

Meanwhile average sales volume has eased slightly in the year to January 2017 in most West Auckland suburbs compared to the year to January 2016 (except Upper Harbour and Waitakere, which held).

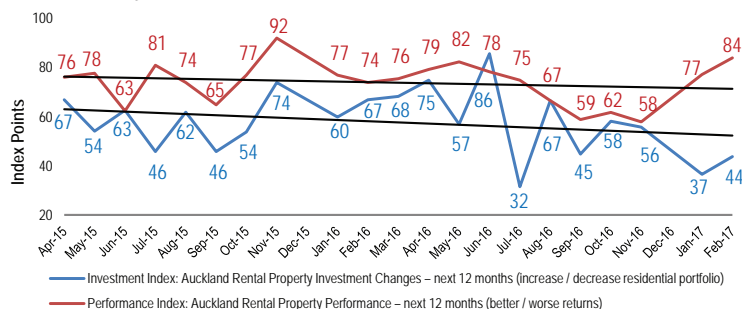


Source: REINZ

Crockers Property Investment Index

This month the **Auckland Rental Property Investment Index** has improved after easing for two consecutive months. This improvement has been driven by a slight increase in the proportion looking to increase their Auckland rental property investment. The majority of property investors still plan to make no changes to their Auckland rental property investment, although this proportion has eased since January.

The **Auckland Rental Property Performance Index** has increased for a second consecutive month and is at its highest point since November 2015. This increase is due to a slight decrease in the proportion of investors who believe their property investments will perform worse over the next 12 months. The majority of rental property investors expect their investments to remain the same over the next 12 months, increasing slightly since last month. These movements are consistent with the trend experienced since the end of 2016.



Source: CPII Survey Feb 2017

Market Research

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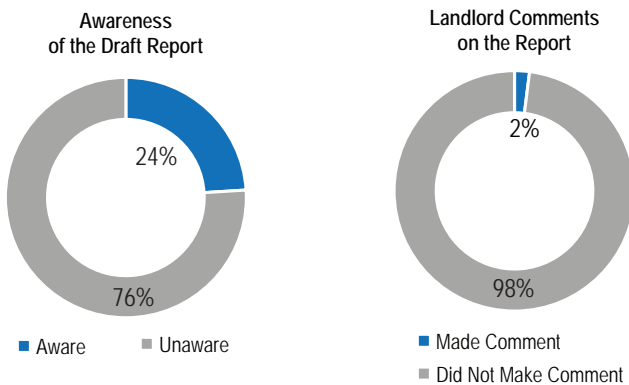
Methamphetamine Contamination



On 12 December 2016, the Draft National Standard for Testing and Decontamination of Methamphetamine Contaminated Properties was released for public comment. The standard hopes to address the maximum contamination level that can exist in a property after it has been cleaned. The Standard suggests two possible decontamination level options, as follows:

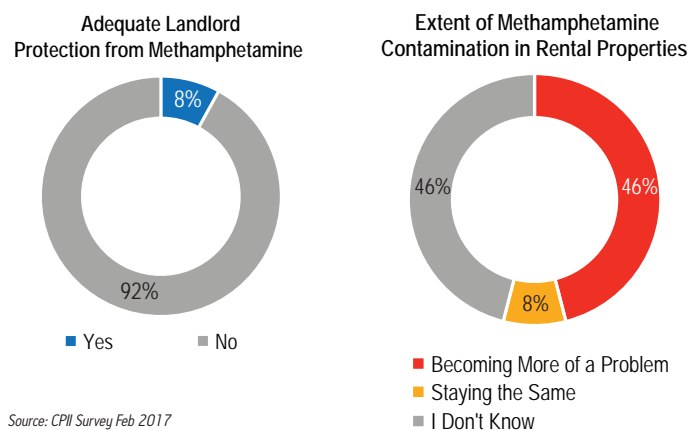
1. **Option A:** A single level of 1.5mcg/100cm² for living spaces and a higher level of 3.4mcg/100cm² for limited exposure areas (e.g. roof spaces and crawl spaces); or
2. **Option B:** Three levels, as proposed in the ESR Report commissioned by the Ministry of Health, being:
 - a. 0.5mcg/100cm² where contamination is caused by lab activity;
 - b. 1.5mcg/100cm² for carpeted properties; and
 - c. 2.0mcg/100cm² for properties without carpet.

Slightly less than one quarter of property investors who responded to our recent CPII survey in association with IPSOS were aware of this report, while 2% of property investors had chosen to make comment on the draft report.



Only 8% of property investors surveyed indicated that they feel landlords receive adequate protection from Methamphetamine contamination. When asked whether they feel that Methamphetamine contamination in rental properties is lessening or becoming more of a problem, 46% of property investors stated they feel it is becoming more of a problem, while 8% of investors feel that methamphetamine contamination is staying the same and 46% of investors are unsure extent of issue.

No property investors felt that methamphetamine contamination was becoming less of a problem.

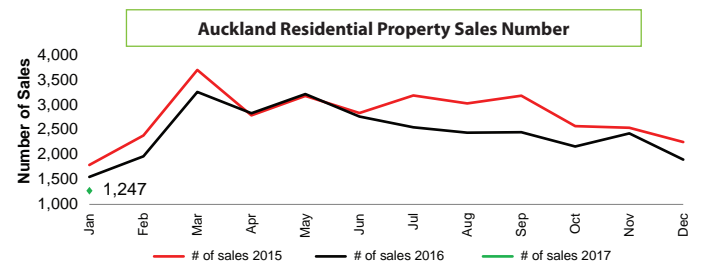
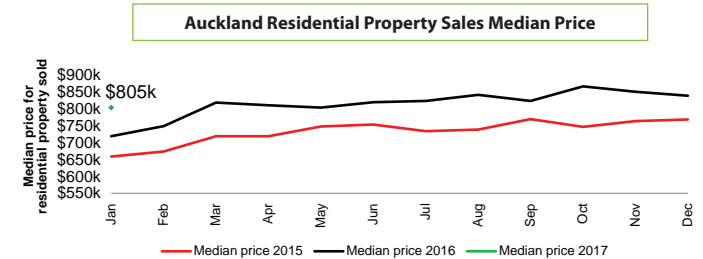


Source: CPII Survey Feb 2017

Auckland Sales & Rental Update

Auckland Median Prices and Sales Numbers

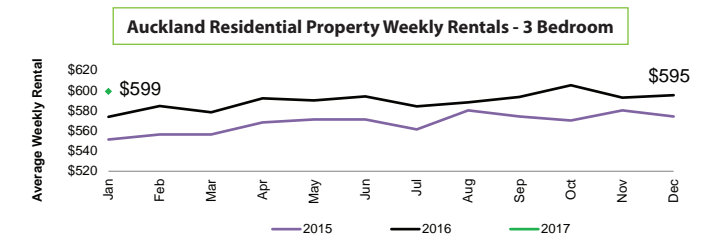
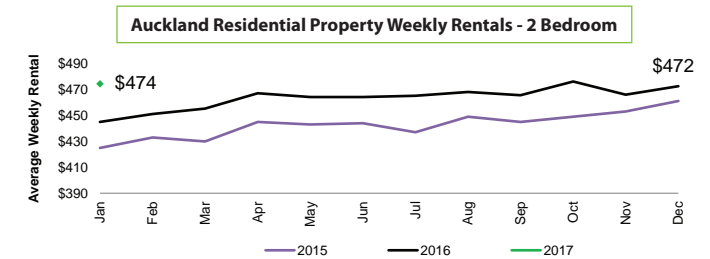
The Median sales price has eased slightly this month to \$805,000, but remains 12% higher than at the same point in 2016. Meanwhile, sales volume has eased substantially for the second consecutive month to 1,247 in January. This softening in sales volume is a normal trend for the beginning of the year however, the decrease seen in January 2017 is notably larger than usual – the quietest sales month seen since January 2011.



Auckland Rental Prices

Over the past 2 months, Auckland rents for a 2-bedroom residential property increased from \$466 to \$472 in December, and then to \$474 in January. 2-bedroom rents across New Zealand have eased over the same period, with a slight increase to \$380 per week in December, off-set by a decrease to \$370 per week in January. This has resulted in the Auckland 2-bedroom premium increasing slightly to 28% in January.

Rents for 3-bedroom properties in Auckland increased from \$593 to \$599 over the past 2 months. While 3-bedroom rents across New Zealand has remained steady at \$450. As a result of these movements, the Auckland 3-bedroom premium remained relatively stable at 32% in December and 33% in January.



Source: REINZ

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