

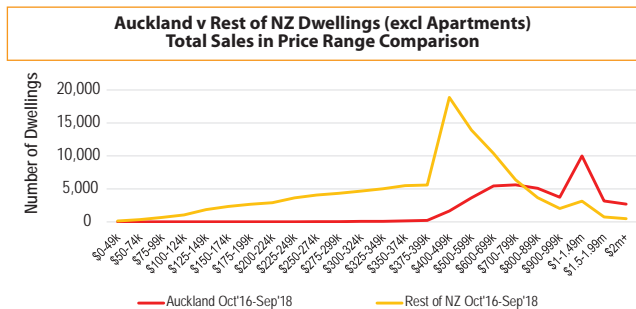
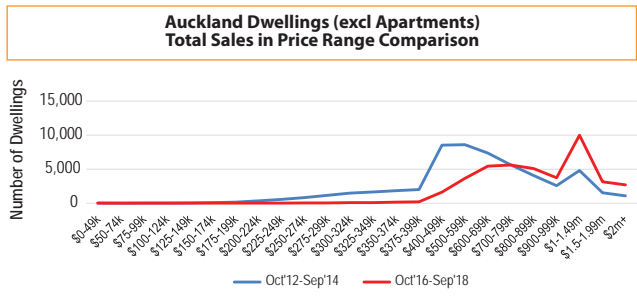


Price Distribution Review

Auckland v Rest of New Zealand: Dwellings (Excluding Apartments)

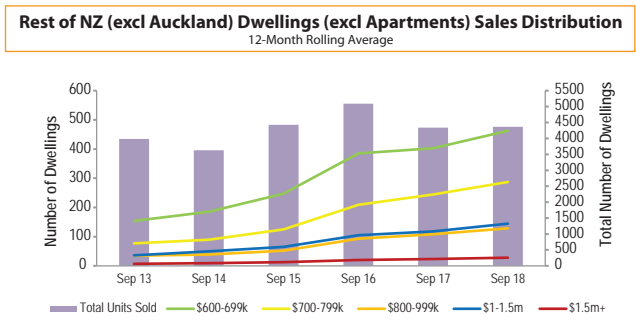
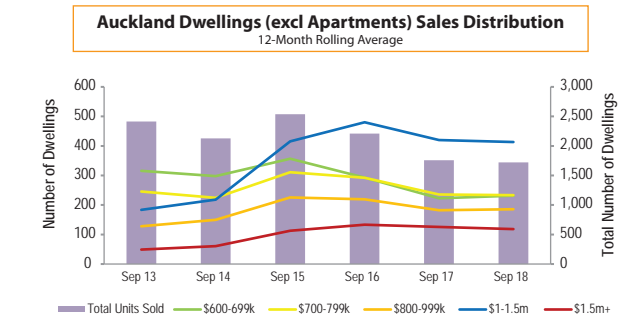
Comparing the numbers and prices of houses sold in Auckland between Oct'12-Sep'14 and Oct'16-Sep'18, there is a clear increase in sales above \$800k in the latter period, as well as a clear decrease in sales of houses under \$400k. It is also notable that there were more dwellings sold in the range of \$400-\$700k in Oct'12-Sep'14, accentuating the fact that affordable housing became less accessible in Oct'16-Sep'18.

Comparing Auckland with the rest of New Zealand during the Oct'16-Sep'18 period shows a very different distribution of house pricing. Housing in the rest of the country clearly peaks at \$400-\$499k, whereas Auckland housing prices peak at \$1m-\$1.49m.



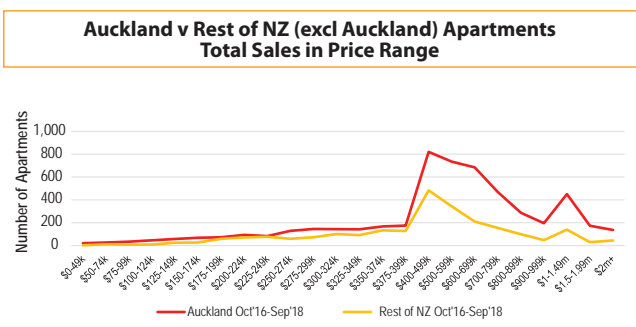
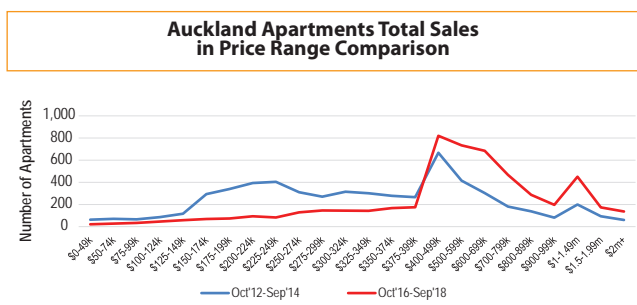
Since September 2015 there has been a clear drop in the number of sales in Auckland. Considering the strong building activity taking place this indicates and even larger drop in the proportion of the housing stock turning over.

The number of dwellings sold in the range of \$1-\$1.5m has notably cooled after a sharp increase in Sep'14-Sep'16. Sales in the range of \$600-\$999k have all had a notable drop since September 2015 and seem to be driving the overall decrease in sales. Meanwhile the sales distribution in the rest of New Zealand continues to increase for properties priced between \$600-\$799k, likely as a result of a shorter supply of affordable housing in Auckland driving home buyers elsewhere, notably Hamilton and Tauranga.



Auckland v Rest of New Zealand: Apartments

When comparing the numbers (and prices) of apartments sold in Auckland between Oct'12-Sep'14 and Oct'16-Sep'18, there were considerably more apartments valued at \$400k+ in the latter period. This also accentuated against the rest of New Zealand.



Source: REINZ

Source: REINZ

Market Research Everything Property!



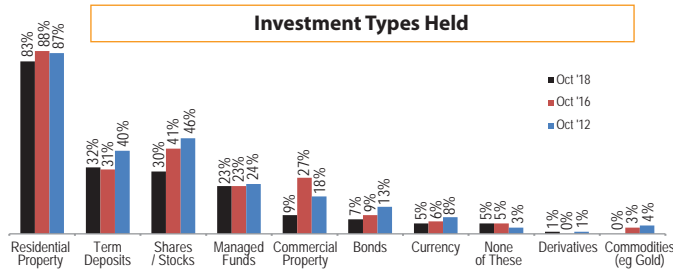
Property - Safe as Houses?

This month in our latest CPII survey in association with IPSOS, we have asked respondents what type of investments they hold, their perceptions around the riskiness of each of these types of investments, and what investment types the New Zealand government should be encouraging to improve the economy.



Investments Held

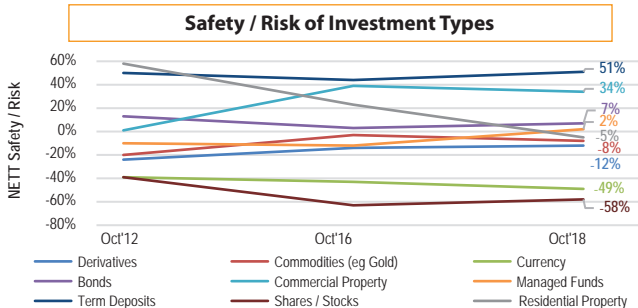
Given the nature of the sample (property investors), it was not surprising to see that residential property was the most common investment type held (83%), although it is recognised elsewhere that a disproportionately high amount of New Zealand's investment value is placed into residential property compared to similar countries elsewhere. Despite currently low rates, Term deposits have experienced an increase since October 2016 and now are the second most common investment type (32%), whilst shares / stocks are a close third (30%).



Riskiness of Investment Types

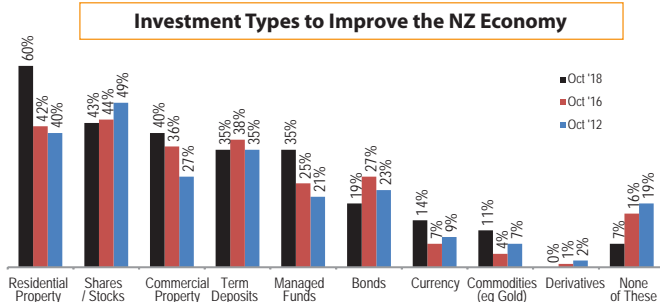
We asked our sample to nominate the three investment types they regard as becoming safer over the last 12 months, and the three that they perceive to have become riskier. Using these two scores we have below derived a nett safeness/riskiness level at which the investments are perceived.

As shown below, shares and currency are much more likely to be regarded as having become riskier over the past 12 months, while term deposits and commercial property are regarded as having become safer. There is a divergence in opinions regarding residential property – some 40% of respondents believe residential property has become riskier, whilst 35% believe it has become safer. This has resulted in a nett score of -5%.



Economy Builders

This month we also asked investors which investment options the New Zealand government should be encouraging in order to improve the economy. Investing in residential property was most commonly cited (60%) – to be expected given that this question was asked of property investors. Shares / stocks were next common (43%), although their popularity has been decreasing in the past four years (6 points down since October 2012).



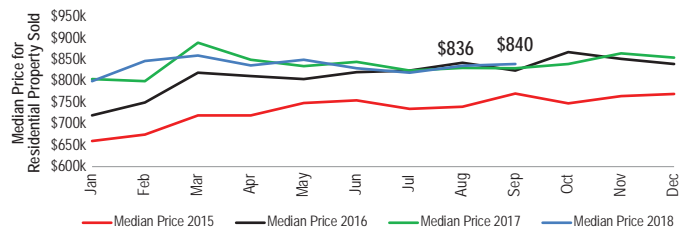
Source: CPII Survey Oct 2018

Auckland Sales & Rental Update

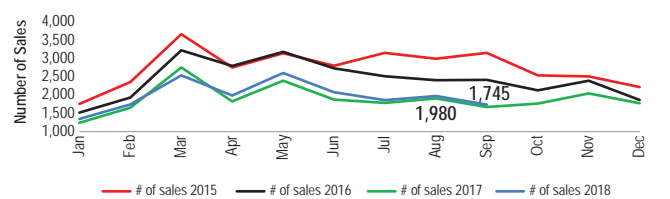
Auckland Median Prices & Sales Numbers

The median sales price for Auckland residential properties increased from \$836,000 in August to \$840,000 in September. This year has seen the largest median sales price recorded for September in the last four years, perhaps indicating that sales prices are peaking earlier this year. Meanwhile, sales volume decreased from 1,980 to 1,745. This follows a very similar trend to 2017, where falling sales numbers keep the supply down and prices up.

Auckland Residential Property Sales Median Price



Auckland Residential Property Sales Number



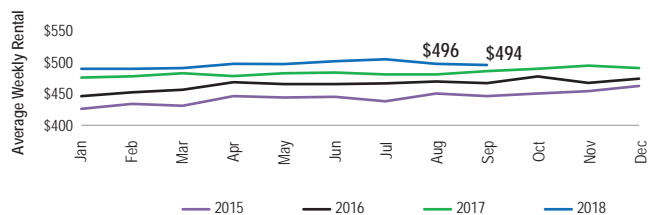
Source: REINZ

Auckland Rental Prices

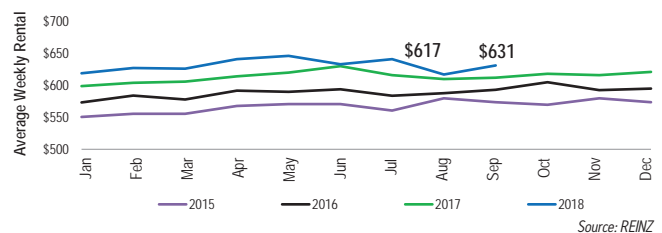
The average Auckland rent for 2-bedroom residential properties has decreased from \$496 to \$494 this month, while the average 2-bedroom rental across New Zealand has remained at \$420. This has resulted in the Auckland 2-bedroom premium remaining stable at 18%.

The average rent for 3-bedroom properties in Auckland has increased this month from \$617 to \$631, whilst average 3-bedroom rents across New Zealand have increased from \$480 to \$495. This has resulted in the Auckland 3-bedroom premium further decreasing from 29% to 27% this month. This historical low has been driven by Auckland rent prices stagnating, whilst prices around the country are increasing.

Auckland Residential Property Weekly Rentals - 2 Bedroom



Auckland Residential Property Weekly Rentals - 3 Bedroom



Source: REINZ

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