

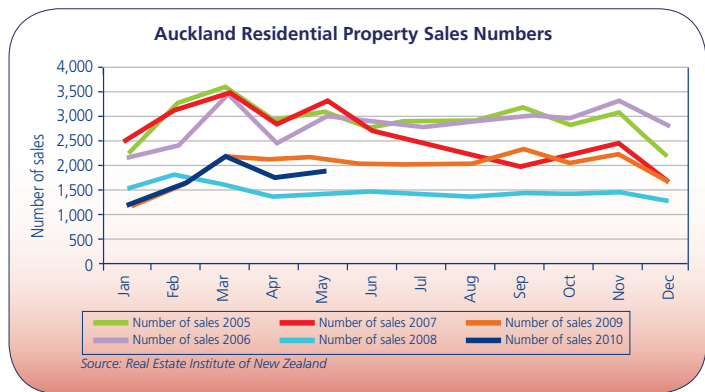
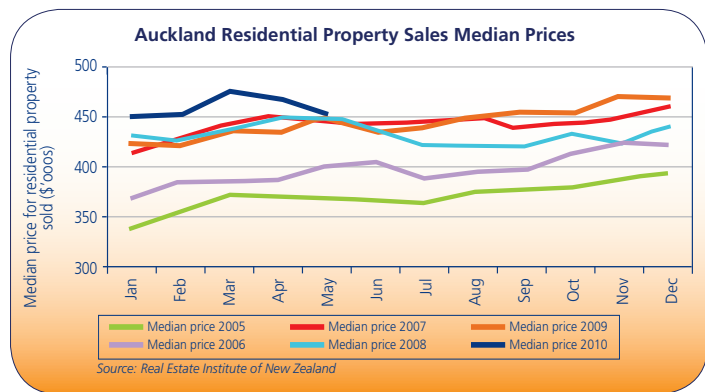
Inside this Issue • What's happening with sales numbers? • A single city? Not where property's concerned • How much for that apartment?

March madness overtaken by May meltdown

In the Auckland residential property market, there's no such thing as a sure trend. What appeared to be a positive start to the year has quickly turned around to a more sombre view, with sales numbers remaining well below last year's, and the median sales price dropping back to \$455,000, \$20,000 down on the peak of just two months ago.

Sales numbers are down 11% on the same month last year, while the median price in May is now only 1% higher than in May last year.

What's going on? Mortgagee sales – which were largely an investor phenomenon until now – are not only still climbing in number, but also affecting owner-occupiers more extensively. Add to that the first of a predicted series of interest rate rises that could take mortgage rates close to double digits, property buyers may well have lost some confidence within the market. However for those who are cash buyers, there remains some good property buys out there.

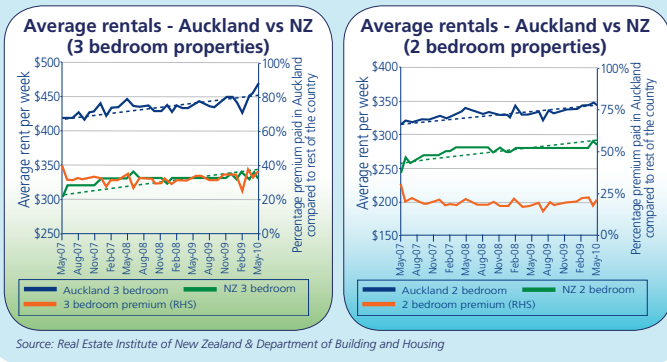


Nationwide, the changes have not been as dramatic. The national median price fell from \$360,500 in March to \$350,000 in May, still 4% higher than May last year, but coupled with sales numbers a whopping 17% down from the same month.

Rental prices go their own merry way

You could be forgiven for thinking the property and rental markets are totally unconnected right now. In Auckland, both two and three-bedroom rental averages have crept above the three year trend line in recent months, with the May figure for three-bedroom rentals rising especially strongly.

The Auckland two-bedroom property market continues to command an approximately 20% premium versus national levels, while the three-bedroom market commands almost 40% above national. Does this indicate a shortage of rental properties in Auckland? At Crockers we would be inclined to agree that's what the market is telling us, as recently the number of vacant properties available in our portfolio reached an all time 6 year low of 0.83%.



SuperCity looms, but regional variation remains huge

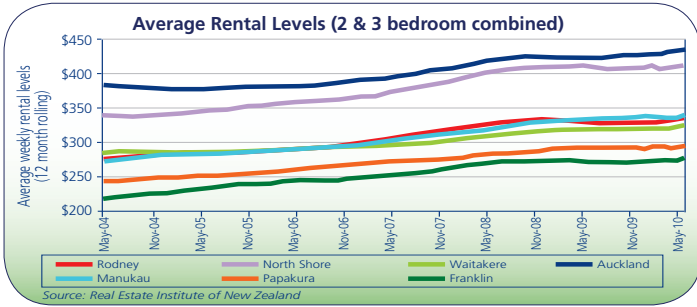
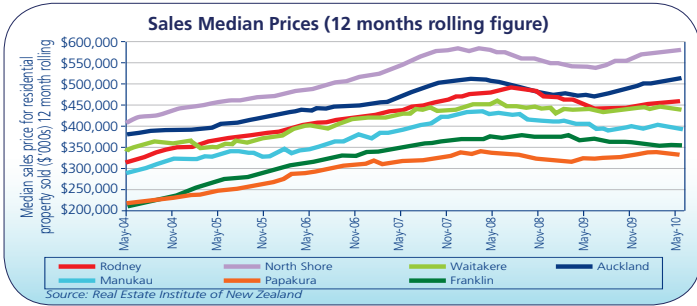
With the first SuperCity local government election just three months away, the different parts of the Auckland region continue to reflect their diversity, not just in demographic and socio-economic terms, but in the way in which the property market is moving in different parts of the region.

Median sales prices in affluent areas like Auckland City, North Shore and Rodney are on a long term upward trend, while prices are softening in Manukau City and Waitakere (which have historically contained a greater proportion of rental accommodation), as well as the southern areas of Papakura and Franklin.

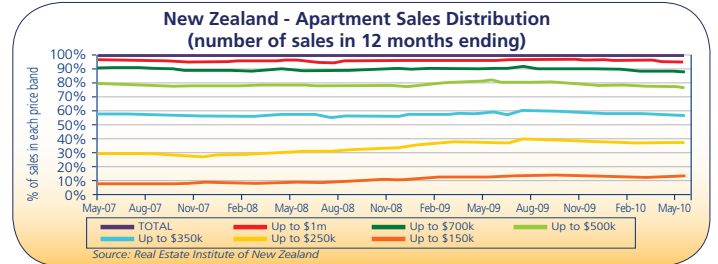
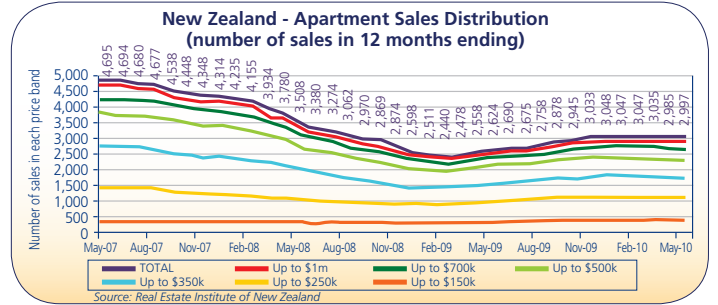
Average rental levels over the same period show mainly long term rising trends, with Auckland City in particular looking robust.

The range of average rental returns across the region currently sits between 3.7% and 4.6%. On an averaged basis, the best rental returns are in Auckland City (despite recent falls), Manukau and Papakura. Returns in Manukau rose steadily last year and appear to have stabilised at similar levels to those in Auckland City.

see overleaf for graphs -->



the city may not be thrilled to wear. Whereas 40% of national sales are over \$350,000, only one in three Auckland sales breaks that barrier. Similarly, the median price for Auckland apartments over the past 12 months is just \$270,000, vs the nationwide median of \$310,000.



Apartments and other dwellings - what's the price range?

Auckland apartment sales have declined by over a third in the past three years, from 3,109 in the 12 months to May 2007, to just under 2,000 in the year to May 2010.

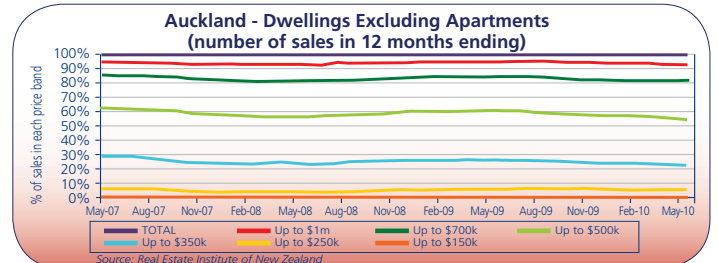
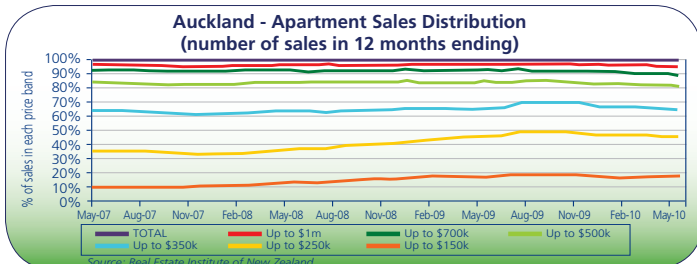
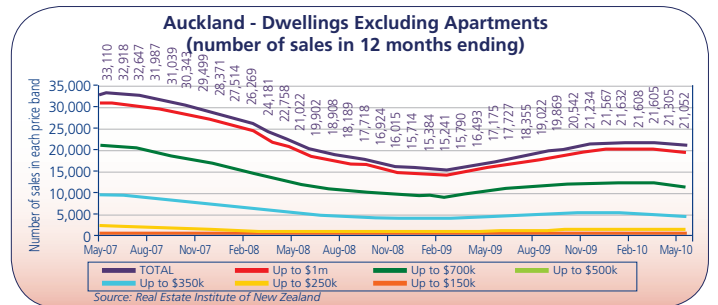
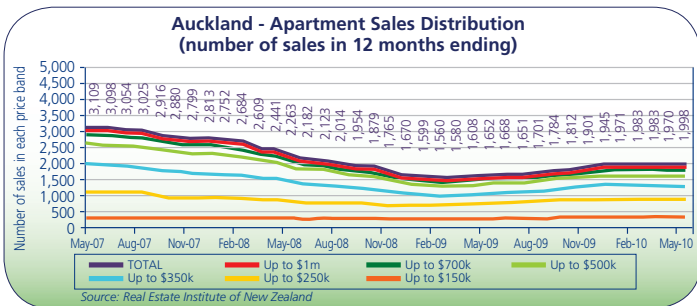
While sales at the lower end of the market – up to \$250,000 – have remained steady at around 1,000 a year, they have gone from making up around a third of all apartment sales three years ago up to about half in the past 12 months.

Nonetheless, recent months have seen a small but significant rise in sales of apartments in the \$1m price band (94 sales closed to year ending May 2010). This is still well off the peak of 129 in the year to October 2007, however. Sales of apartments in the \$500k+ range have increased to the point where they now make up almost 20% of apartment sales in the region.

Auckland is New Zealand's capital of low-cost apartments – a moniker

A similar analysis for the sales of dwellings (excluding apartments) in the Auckland region shows that there has been relative stability at the low end of the market, with around 5,000 dwellings a year in the \$350,000-or-below category changing hands in each of the past two years. The next price band, \$350,000-\$700,000 is somewhat volatile, sales volumes having fallen in 07/08, rising again during 2009, before recently falling again.

Dwellings under \$350,000 have recently accounted for between 20% and 30% of the non-apartment market (currently at the lower end of the range). In the last 12 months, 20% of non-apartment dwellings have been in the \$700,000+ price range.



Note: This chart uses the same data, but plots it as the chart type which stacks the lines on top of each other to add up to 100%.

How can Crockers Realty help you?
 We are specialists in marketing and selling apartments, residential homes and investment property. If you are looking for professional, honest advice contact our Realty Manager, Peter Holmes on 09 968 3446 or peterholmes@crockers.co.nz