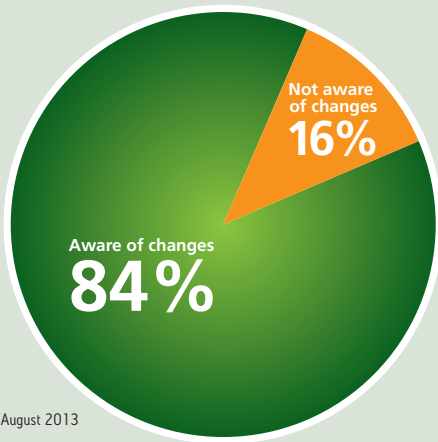


Topics this month • Insurance - Understanding the changes and rebuild costs • Auckland Suburb Review: Eastern Suburbs  
 • Auckland Rental and Sales Review • CPII Survey Results - Investment changes and rental performance

## The Changing World of Home Insurance

### Awareness of changes

As a result of the Christchurch Earthquakes, insurance companies have had to change the way properties are insured. In our latest Crockers Property Investment Index (CPII) Survey in association with research company, Ipsos and NZ Property Investor Magazine we asked property investors if they understood these changes. The large majority of those who responded to our monthly survey are aware of the recent changes to the way properties are to be insured. 16% are still unaware of these changes.

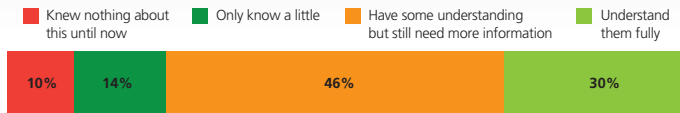


Source: CPII Survey August 2013

### Understanding of changes

Just under a third believe that they have a full understanding of the changes, so there is clearly still work for insurance companies and other interested parties to do in improving understanding of the changes.

### Understanding of Property Insurance Changes

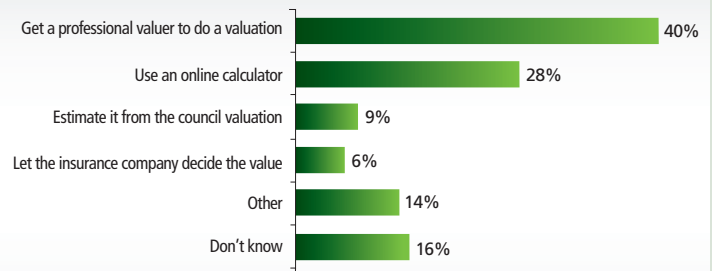


Source: CPII Survey August 2013

### Determining rebuild costs

Professional valuations are the preferred option amongst respondents to the CPII Survey. Only 6% indicate that they will use the value that the insurance company decides. Property owners clearly prefer to take an active role in ensuring that the insured value of their properties is accurate. As this group is highly engaged with property, this is potentially a higher result than we would expect amongst the general public.

### Have or plan to use the following



Source: CPII Survey August 2013

Note: Recipients could choose more than 1 answer.

## Eastern Suburbs Review

### Rentals

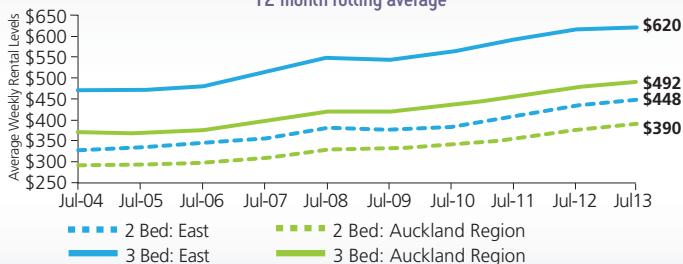
Average rents across the Eastern Suburbs are well above the average for the greater Auckland region (Pukekohe to Rodney).

Over the past 12 months, the Eastern Suburbs 3-bedroom rentals have had an average weekly rental price of \$620, 26% higher than for the average greater Auckland 3-bedroom rental of \$492.

2-bedroom rentals in the Eastern Suburbs were 15% higher with an average rental price of \$448, compared to \$390 for greater Auckland.

### Residential Property Weekly Rentals - Eastern Suburbs vs. Auckland

Suburbs include: City Bays (Mission Bay to St Heliers), Remuera & Meadowbank  
 12 month rolling average



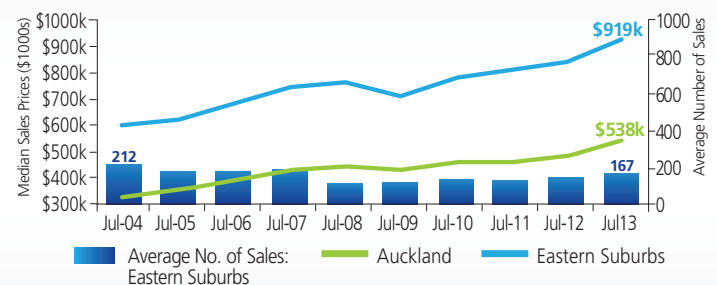
Source: Real Estate Institute of New Zealand

### Sales

The Eastern Suburbs command a premium well above the average sales price for the Auckland region, currently 71% higher. This region was harder hit by the Global Financial Crisis in 2009, with a greater dip seen in that year compared to the dip seen for the whole of Auckland. Sales numbers fell in the year prior to that (2008) and although they have recovered somewhat, they are still below levels seen in 2004 (167 v 212).

### Median Sales Prices - Eastern Suburbs vs. Auckland

Suburbs include: Glendowie, Kohimarama, Meadowbank, Mission Bay, Orakei, Parnell, Remuera, St Heliers & St Johns  
 12 month rolling average

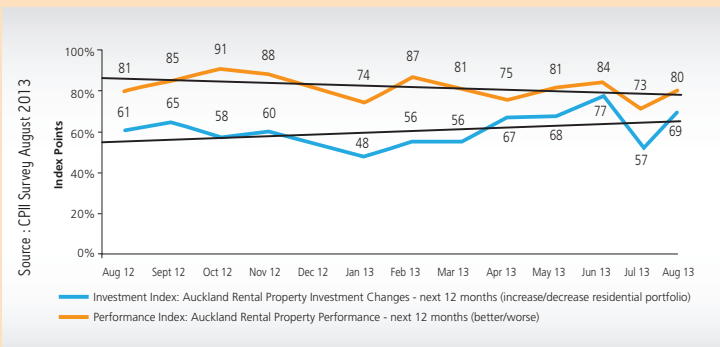


Source: Real Estate Institute of New Zealand

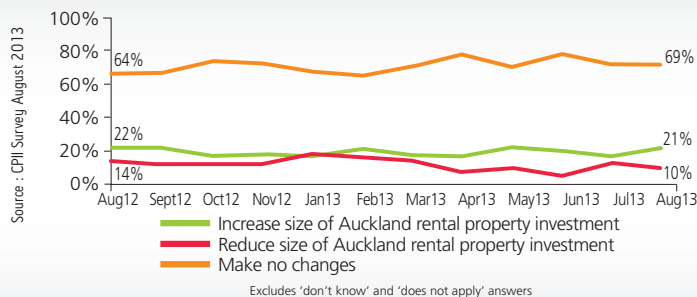
# Crockers Property Investment Index

## Investment expectations have bounced back

This month we have seen the Crockers Property Investment Index bounce back from the drop of June-July (the first in five months), possibly reflecting the uncertainty of the June period during which the government had a high profile in discussing ways of reducing Auckland house prices. With greater certainty has come greater confidence and the Crockers Property Investment Performance Index has also increased from 73 index points to 80 index points. Performance expectations for Auckland residential rental properties are starting to build again in the right direction and investors planning to increase the size of their portfolio is moving into positive territory.



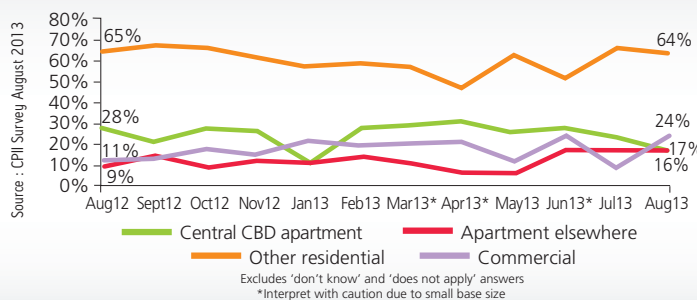
## Planned Rental Property Investment Changes - Next 12 Months



## Residential property gains appeal

Amongst those planning to invest in rental properties, we have seen a significant bounce back in intention to invest in commercial properties, going back to levels we have seen before (24%). Intention to invest in apartments outside of the CBD has again held steady. However the appeal of those wanting to invest within the CBD has continued to see downward declines (28% to 23% to 16%). Non apartment residential property has remained appealing amongst those looking to invest (64%).

## Planned Rental Property Investment Locations - Next 12 Months



## Planned rental property investment changes

This month, we are starting to see an increase in those claiming to want to increase the size of their Auckland rental property investment. However people wanting to decrease or make no change to their current portfolio have stabilised and are back to levels seen earlier in the year.

# Auckland Sales & Rental Update

## Auckland median sales price softens

The median sales price has continued to soften in July, with the median sales price recorded as \$553 vs. \$555k in June and compared to \$565k in May. The year on year increase has remained the same, 11% to 10%. The number of sales has risen, bucking normal seasonal trends and reflecting the still-hot Auckland market.

Readers may be perplexed at the stability of the median sales price shown below and so we point out that the median house price is the price point at which 50% of the sales are below, and 50% are above. Because the average Auckland house price is still rising, this reflects that the degree of the price rises we have been seeing are not consistent across all price bands.

## Drop in 3-bedroom rental prices

The average price for a 2-bedroom rental in Auckland has remained stable (\$398 to \$400). However despite seeing the June high of \$527 for a 3-bedroom in Auckland, July results have significantly decreased to \$508 (back to levels seen at the beginning of the year). The 3-bedroom rental prices nationally have also reduced this month by \$10.

