

Topics this month • Building Consents and Sales Median Price comparison • Suburb Review: West Auckland  
 • CPII survey results – would you buy in a body corporate? • Auckland rental and sales review

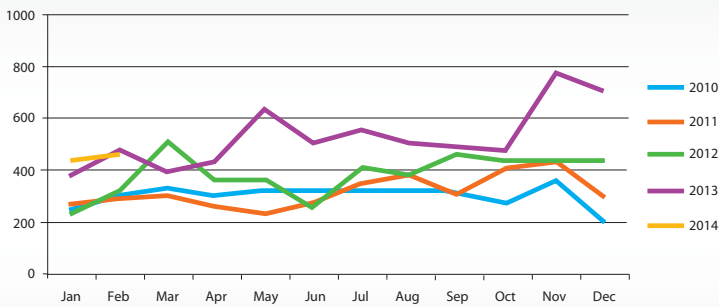
## Building Consents vs Median Sales Prices

### Building Consent Numbers Beginning To Grow

While there has clearly been some steady growth in Building Consent numbers since 2012, a sharp spike in consents in November and December 2013 has driven most of the growth for the year to Feb 2014.

Growth in Median Sales Prices did slow slightly in the late 2000's when building consents plateaued at low levels; however prices have grown again quickly as consents have increased.

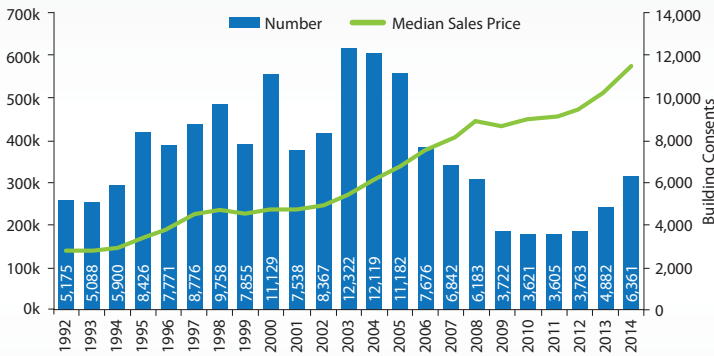
Number of New Residential Buildings Consented Auckland Region by Month



Building consents data for New Residential Buildings in the Auckland Region. Source Statistics New Zealand

Note: The highs seen in the mid-2000s were a result of large apartment building developments in the Auckland CBD catering for students.

Number of New Residential Buildings Consented with Median Sales Price Auckland Region



Building consents data for New Residential Buildings in the Auckland Region is Annual to Feb-14; Sales Price shows 12-month rolling averages to Feb-14. Source Statistics New Zealand and Real Estate Institute

## Suburb Review - West Auckland

In terms of sales prices, we can see that some parts of West Auckland have been quite volatile (especially the **Waitakeres**, where fewer house sales lead to larger price fluctuations) whereas other areas' prices have been **steadily** increasing over time.

Upper Harbour and Titirangi both experienced quite strong growth in the Jan-Mar period, although this may be a seasonal fluctuation with a similar pattern seen in early 2013. Sales numbers have followed the typical trend over the last few months, dropping off towards the end of the year and picking up strongly at the beginning of the year.

AKL West Median Sales Price

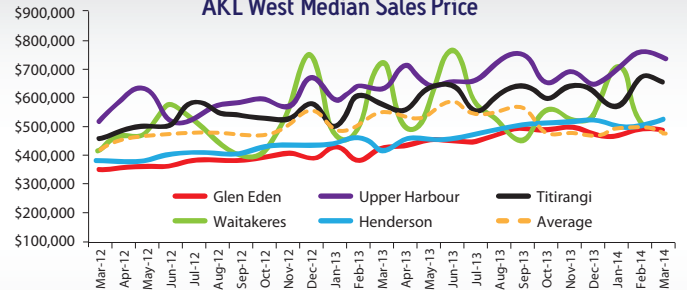


Table shows Auckland West Sales Price review - for the 12 month periods to March 2012 to March 2014 Source: Real Estate Institute of New Zealand

AKL West Median Sales Numbers

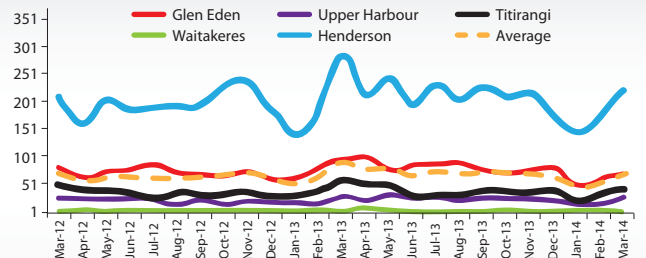


Table shows Auckland West Median Sales Numbers - for the 12 month periods to March 2012 to March 2014 Source: Real Estate Institute of New Zealand

There is similar growth in rental rates across all areas of West Auckland over the last 2 years when comparing 3-bedroom monthly average rental prices. Waterview/Avondale continues to attract the highest rental returns, while West Auckland is the lowest. Although it is interesting to note that there has been strong growth for West Auckland in particular since Sept/Oct 2013.

3 Bedroom Monthly Average Rental Prices

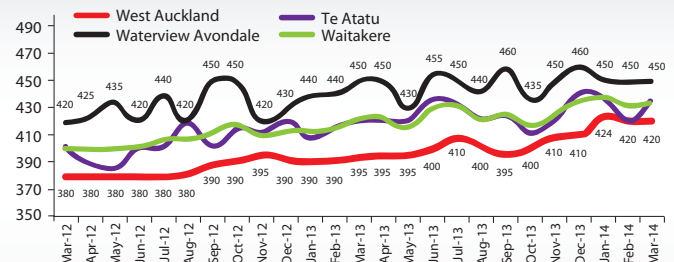


Table shows West Auckland 3 Bedroom monthly average of weekly rents for the 2 year period from March 2012 to March 2014. In \$ amounts. Source: Real Estate Institute of New Zealand

# Investors and Body Corporate Ownership

Investors were asked a range of questions in our latest Crockers Property Investment Index (CPII) survey about body corporate properties. The survey results showed relatively high levels of ownership in a body corporate, with two thirds currently owning a body corporate property. However most don't actively participate in the committee and are only involved as owners. Most investors indicated some level of openness to buying in a body corporate, unsurprising given the high ownership, and there were very few with extreme views around only buying, or completely avoiding a body corporate property. Those who preferred single title, or rejecting buying in a body corporate, did so mainly due to the fees that have to be paid and the perceived challenges in dealing with difficult owners. Having your body corporate managed by a reputable body corporate management company can make the difference and can help overcome the main objectives given by the survey respondents. Crockers Body Corporate Management is New Zealand's largest body corporate manager and is the industry leader in knowledge and experience, while ensuring their clients receive complete compliance to the Unit Titles Act in a transparent reporting manner.

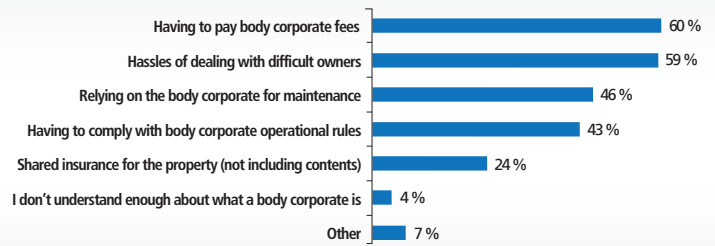
**Ownership in a body corporate** Two thirds of investors own a property in a body corporate (67% Yes, 33% No).

**Involvement in your body corporate** Only very small numbers of investors take an active role in their body corporate with almost 8 in 10 (79%) participating as an owner only.

**Openness to buy in a body corporate** There were relatively few extreme views around ownership in a body corporate, which is not surprising considering the relatively high rate of ownership in a body corporate, only 6% would never consider buying in a body corporate. Almost half, (46%) indicated that they would prefer to buy a property with a single title, but almost 40% stated that they didn't mind buying in a body corporate.

**Reason for avoiding a property in a body corporate** For those that preferred single titles or who wouldn't consider buying in a body corporate, the main factors deterring them were having to pay body corporate fees, and dealing with difficult owners. Maintenance and compliance with rules also played a part in wanting to avoid a body corporate.

## Q: If you prefer a single title property or would not consider buying in a body corporate, what are your concerns or reasons for this?

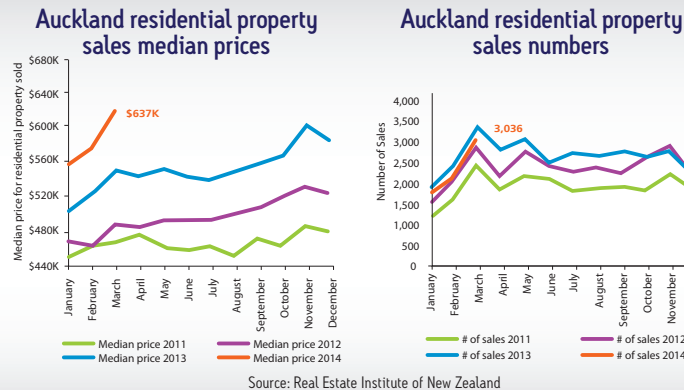


Source: CPII Survey Apr 2014 Note: Respondents could choose more than one reply

## Auckland Sales & Rental Update

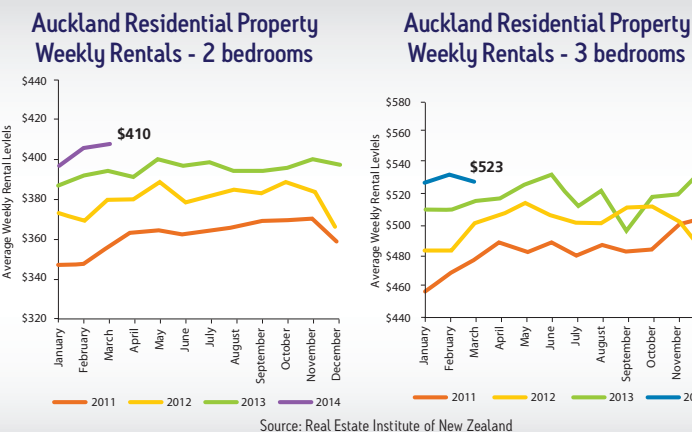
### Median Auckland Prices And Sales Figures

The first few months of the year have seen a dramatic increase in the Median Sales Price, now sitting at an all-time high (\$637k). This reflects a similar rate of growth in median sales over the same time last year. So far this year, the number of sales is sitting slightly below 2013, no doubt reflecting the constricted supply that is helping raise prices.



### 2-Bed Auckland Rental Prices Climb

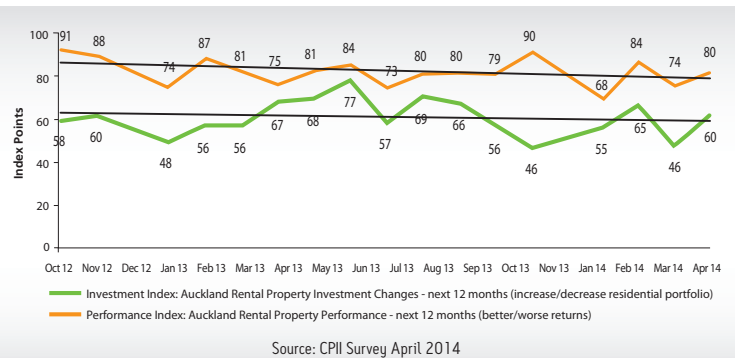
Prices for 2-bed rentals in Auckland have continued to climb since January this year, and a similar trend is seen across New Zealand, with the Auckland premium actually sitting lower than usual. The average price of a 3-bed rental in Auckland is so far relatively stable in 2014.



## Crockers Property Investment Index

The **Auckland** Performance Index has seen some **fluctuation** recently, but seems to have returned to more **typical** levels after the low seen in January 2014.

A slight increase is seen in the Performance Index and there is a considerable increase in the Auckland Investment Index, with more investors now planning to increase the size of their Auckland portfolio in the next 12 months.



### Expected Rental Property Investment Performance – Next 12 Months

The outlook for Rental Property performance is a lot more positive in April, with 46% expecting performance to be better in the next 12 months, the highest level we have seen, just above some of the highs seen in mid-2013. Fewer expect performance to be the same (43%) in the next 12 months as more are expecting it to improve.

### Planned Rental Property Investment Changes – Next 12 Months

Despite a small dip in March, April sees a continuation of larger numbers of investors (23%) planning to increase the size of their Auckland rental property portfolio. While 62% are making no changes to their portfolio and 15% are looking to reduce.

### Residential property gains appeal

Amongst those planning to invest in rental properties, there is quite a large increase in those wanting to invest in Commercial properties (up from 9% to 23%) in the next 12 months, similar to the high levels in August last year. Meanwhile fewer plan to buy Central CBD apartments. To view the full CPII Survey results go to [crockers.co.nz](http://crockers.co.nz)