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Once again Auckland house prices rise while sales fall

Whilst the median price of Auckland property sales rose again in March 2006 (3% up on the previous March, compared to an 8% year on year rise for February 2006) the number of sales continued to fall on a same-month comparison.

While sales picked up in March compared to February, the same month comparison showed March sales numbers down 5% on the previous year,

the fourth month in a row that same-month sales numbers were down.

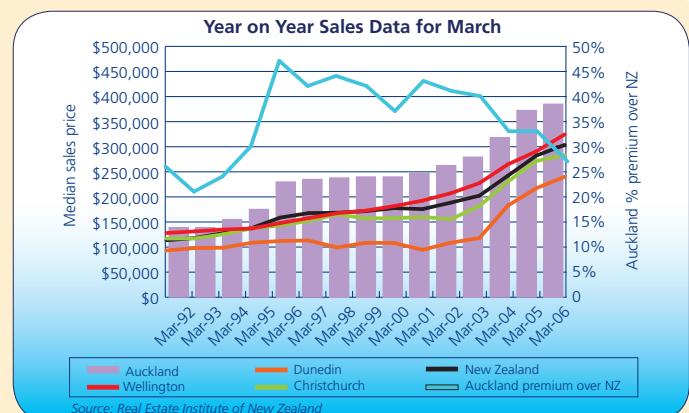
Auckland continues to slow slightly faster than the rest of the country.

- March 2006 median sales price rose 3% in Auckland vs 8% across New Zealand overall compared to March 2005.
- March 2006 sales numbers fell by 5% in Auckland vs 3% across New Zealand overall.

Major city comparisons

The chart on the right compares Auckland median sales price to the other three major New Zealand cities. Around 1995/6 we see Auckland pulling dramatically ahead to reach a premium of over 45% above the New Zealand median price.

This premium remained high for almost a decade, but has fallen back rapidly over the past three years as the other major cities (and indeed other parts of New Zealand) have risen faster than the Auckland increases, pulling the Auckland margin back below 35%, and in March 2006, below the 30% mark.



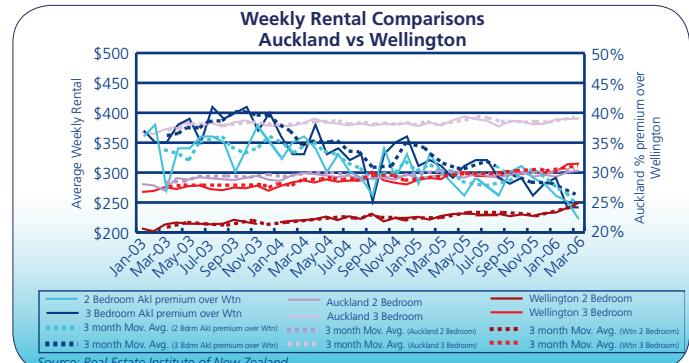
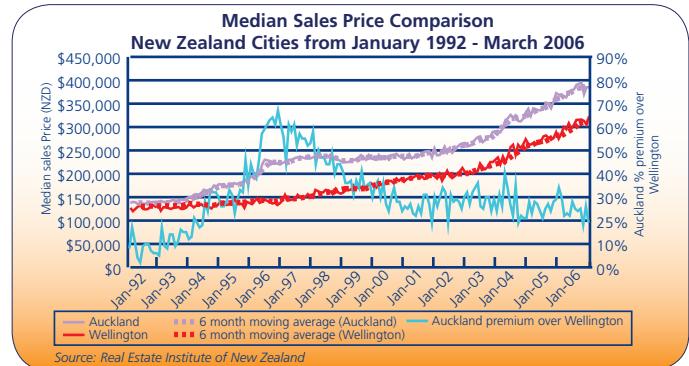
Auckland vs Wellington

With Auckland and Wellington both recently identified (again) as among the top 12 cities in the world to live (Mercer Quality of Life survey), it is interesting to compare their property figures with our other cities'.

Looking back to the early 90s, property prices in the two cities were about equal, before Auckland opened up a significant gap which, at its peak, saw the median property fetching a massive 60%+ premium on its Wellington counterparts. However, this didn't last long - levels settled back to a fairly consistent premium of around 20% to 30%, which we've continued to see for the past few years.

So with Auckland properties being some 25% more pricey than Wellington properties, do we see a similar premium in rental levels when comparing the two cities? In fact, rental premiums over the past three years have ranged from just over 40% (for 3 bedroom properties in 2003) down to a fairly consistent level of close to 30% in the past year or so.

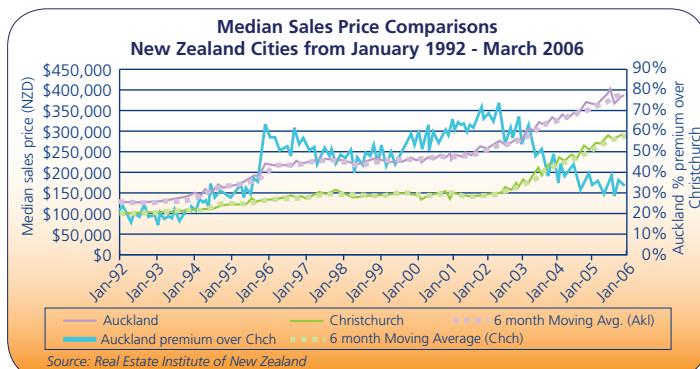
That is, the rental premium that Auckland properties command over Wellington properties is slightly higher than the sales price premium.



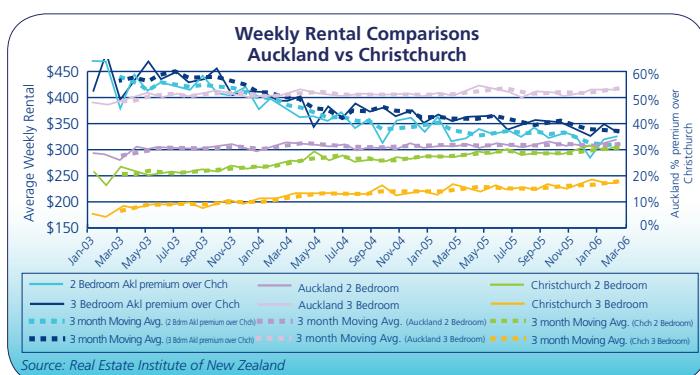
Auckland vs Christchurch

Long term sales trends show that while Christchurch property prices have historically been similar to Wellington's, a significant gap opened up during 2000-2003, when Christchurch prices remained static and Wellington prices rose. This gap has more recently narrowed.

Property prices in Auckland opened up a significant margin over Christchurch in the mid-90s, with a premium of between 50% and 70% over 1996-2003. Since then Christchurch property prices have risen somewhat faster than in Auckland, with the Auckland premium over the past year being between 30% and 40%.



While Auckland property prices have been some 30% higher than Christchurch in recent months, the rental premium for Auckland properties is following a slowly declining trend, to fall just below 30% for 2 bedroom properties in recent months, and around 35% for 3 bedrooms. This has come off a premium of about 50% just three years ago, showing how Christchurch rental levels have closed the gap with Auckland over recent years (although they still remain significantly lower).



Missing the Auckland Rental Prices table for March 06?

Go online for the latest table comparing March 2005 and 2006 Rentals and recently released table comparing Sales for the same period.

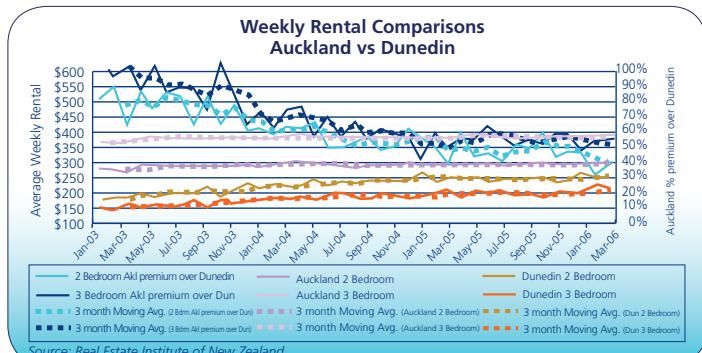
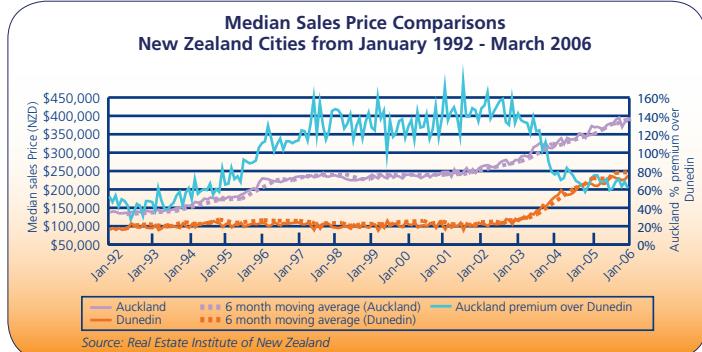
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- Click on Market Research under Property Services
- Click on Current Auckland Rental prices or Current Auckland Sales prices in the left hand navigation bar
- To subscribe to Crockers Market Research follow the instructions stated in the last paragraph of the page
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Auckland vs Dunedin

With Dunedin median sales prices having more than doubled in the past few years, the premium that Auckland properties commanded through the late 90s and early 2000s has fallen back dramatically from an average 140% to around 70% over the past two to three years.

As in the previous two comparisons, the rental premium for Auckland properties over Dunedin has declined, dropping back to a fairly stable 50%, more or less, in the past year or so.



In summary

Wellington and Christchurch enjoy near parity with Auckland - that is, the premium on property prices paid in Auckland is broadly matched by the premium that Auckland properties command in terms of rental.

However, Auckland properties still command a dramatically higher sales premium than Dunedin properties, which is not matched in the somewhat lower premium they command in rentals.

Compared to...	Wellington	Christchurch	Dunedin
Median property prices in Auckland are...	25% higher	30% higher, recently settling from higher levels	70% higher
Average weekly rental amounts in Auckland are...	close to 30% higher	30% higher for 2 bedroom and 35% higher for 3 bedroom properties	Just under 50% higher for 2 bedroom and 55% higher for 3 bedroom properties
Overall Auckland...	Has a slight advantage for investors	Is similar for investors	Is less advantageous for investors

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