



# Crockers Market Research

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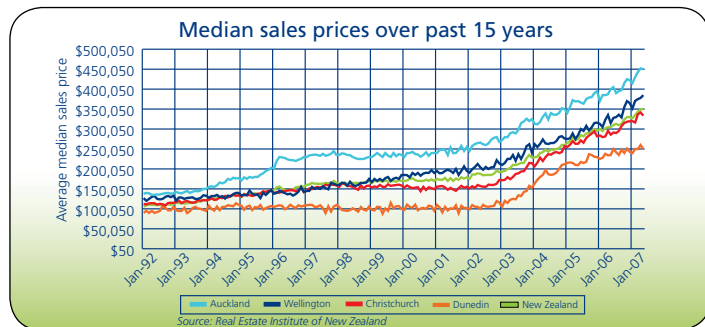
## Rising sales keep the lid on median price

After months of steady rises, the residential sales median in Auckland flattened off to around \$450,000 in May, driven, it seems, by higher than usual sales numbers.

Does this reflect concern amongst property owners at rapidly rising mortgage rates? Alternatively, it may be buyers simply "cashing up". In May last year, we noted that the median had reached \$400,000 for the first time. Some investors may feel that the wave has now peaked. Time will tell if that judgement is correct or not.

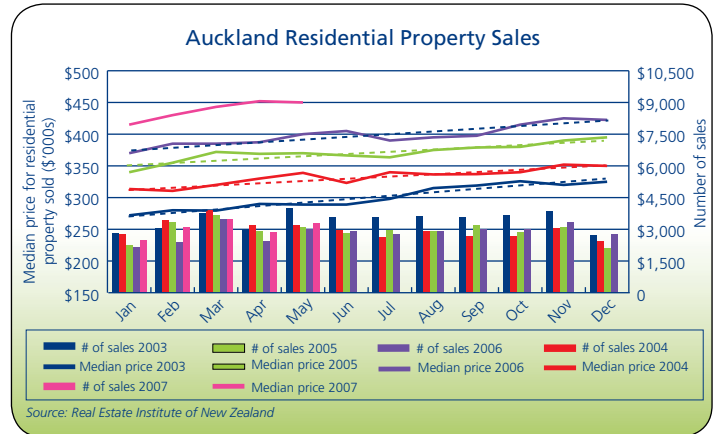
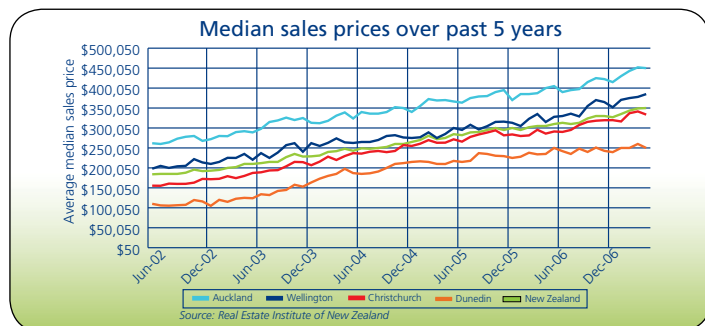
In this edition, we compare Auckland statistics with those for other New Zealand cities. We conclude that Auckland is not alone in experiencing an ongoing surge in property sales prices.

The chart below shows long term price trends for Auckland Wellington, Christchurch and Dunedin. While Auckland prices remain (predictably) highest, Christchurch and Wellington have easily kept pace in growth terms since around 2002.



The current growth trend really took off in 2003. A close look at the past five years' data reveals an average median price rise of 14% per annum for Auckland, compared to 18% in Wellington and 17% nationwide.

South Island investors have, on average, fared even better. Christchurch enjoyed a 22% rise per year and Dunedin 30% (from an admittedly low base).

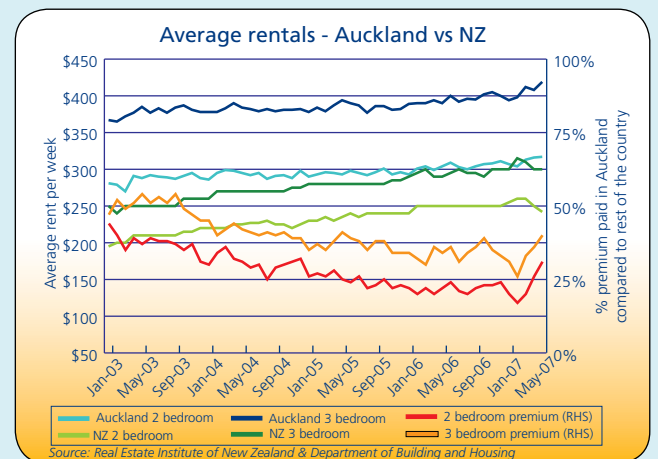


## Auckland rental levels climb (but is it enough?)

Rental levels in Auckland appear to be slowly but surely edging upward, no doubt fuelled by media commentary on the likely impact of rising mortgage rates.

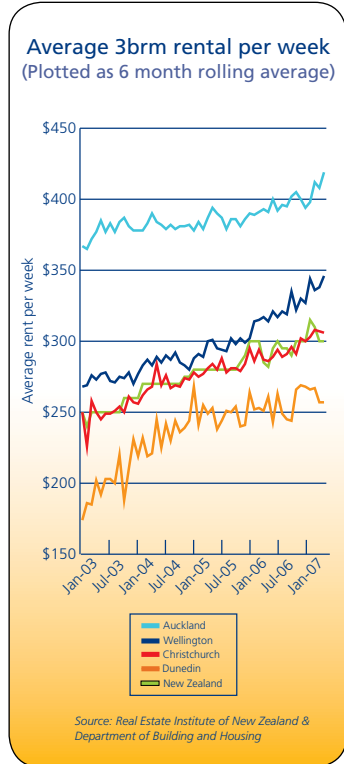
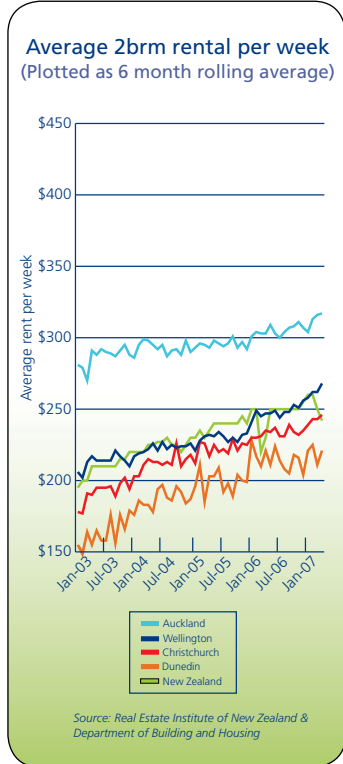
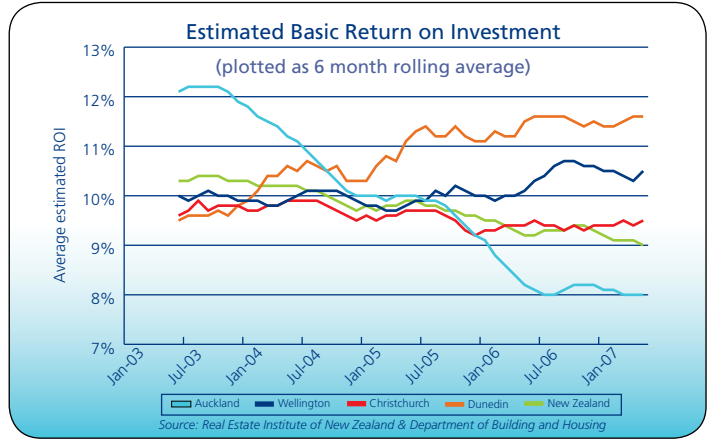
May 2007 saw the average two-bedroom Auckland property let at \$317 per week, the third month in a row above \$310. With the nationwide rental figure for two-bedroom properties falling to \$242 per week (after four years of steadily gaining on Auckland), this opened a 31% premium between Auckland and other areas.

The three-bedroom market shows a similar trend, with the average Auckland rental going at \$419 per week (making it six out of the past eight months that the figure's exceeded \$400). Auckland now enjoys a 40% premium on the average nationwide rental level, which remained flat this month at \$300 per week for a three-bedroom property.



Comparing nationwide rental level trends, we see that other cities have enjoyed steeper rises than Auckland for many months. The upshot is that while Auckland May 07 rental levels are an average 14% higher than in January 2002, the equivalent figure for Wellington is 30%, and close to 40% in Christchurch and Dunedin.

Also notable is the relatively lower premium that a three-bedroom property commands over a two-bedroom one in South Island cities. In Auckland and Wellington, a three-bedroom property rents for around 30% more than a two-bedroom one, but in Christchurch and Dunedin this margin drops to around 25% and 20%, respectively. Are fewer families renting down South?



The different rates of rental increases impact significantly on the basic return on investment for property investors in different cities.

The top right chart shows the overall return on investment for properties in each of the four main centres.

While the nationwide trend is downward, South Island investors have been enjoying apparently rising returns on investment compared to their North Island counterparts.

In Auckland the situation is particularly dire, as highlighted by the past few editions in which we've reviewed returns for different parts of the region.

While recent months suggest a flattening out of returns, this still leaves Auckland property investors looking for substantial increases in rental levels to catch up with their counterparts in other cities.

## Auckland Rental Prices

Source: The Real Estate Institute of New Zealand/Department of Building and Housing

	1 Bedroom			2 Bedrooms			3 Bedrooms			4 Bedrooms		
	Median Price	Variance		Median Price	Variance		Median Price	Variance		Median Price	Variance	
May	2006	2007	%	2006	2007	%	2006	2007	%	2006	2007	%
Orewa (Silverdale to Welbford)	\$200	\$225	13%	\$270	\$300	11%	\$320	\$350	9%	\$380	\$450	18%
Browns Bay/Torbay/Albany	\$250	\$250	0%	\$330	\$340	3%	\$380	\$420	11%	\$500	\$540	8%
East Coast Bays	\$260	n/a		\$325	\$340	5%	\$405	\$450	11%	\$550	\$480	-13%
Glenfield (Sunnynook, Northcote, Birkdale)	\$220	\$205	-7%	\$290	\$300	3%	\$350	\$370	6%	\$400	\$450	13%
Birkenhead (Northcote Point)	\$225	\$230	2%	\$300	\$335	12%	\$420	\$440	5%	\$480	\$570	19%
Takapuna/Milford	n/a	n/a		\$325	\$330	2%	\$390	\$465	19%	\$500	\$500	0%
Devonport	\$250	\$257	3%	\$330	\$350	6%	\$450	\$550	22%	\$525	n/a	
West Auckland (Glendene, Glen Eden, Massey)	\$202	\$200	-1%	\$250	\$260	4%	\$310	\$320	3%	\$380	\$385	1%
Te Atatu (Westgate & West Harbour)	\$205	n/a		\$270	\$282	4%	\$340	\$340	0%	\$570	\$420	-26%
Waterview (Avondale & Tiritangi)	\$190	\$200	5%	\$272	\$295	8%	\$350	\$350	0%	\$415	\$397	-4%
City Centre (Parnell, Grafton, Newton)	\$280	\$300	7%	\$350	\$350	0%	\$495	\$532	7%	\$337	n/a	
Ponsonby (St Marys & Herne Bay)	\$292	\$300	3%	\$400	\$415	4%	\$550	\$620	13%	\$700	\$750	7%
Grey Lynn/Westmere	\$287	\$280	-2%	\$380	\$450	18%	\$480	\$560	17%	n/a	n/a	
Pt. Chevalier/Mt Albert	\$230	\$230	0%	\$332	\$310	-7%	\$415	\$430	4%	\$460	\$620	35%
Sandringham (Three Kings, Hillsborough)	\$235	\$230	-2%	\$297	\$292	-2%	\$365	\$380	4%	\$430	\$477	11%
Mt Roskill (Owairaka, Lynfield)	\$185	\$230	24%	\$280	\$290	4%	\$345	\$350	1%	\$402	\$415	3%
Mt Eden (Kingsland, Balmoral)	\$247	\$245	-1%	\$335	\$320	-4%	\$450	\$465	3%	\$485	\$665	37%
Epson (Newmarket, Royal Oak North)	\$255	\$270	6%	\$350	\$350	0%	\$510	\$480	-6%	\$650	\$700	8%
One Tree Hill/Ellerslie (Onahunga North)	\$245	\$220	-10%	\$290	\$300	3%	\$382	\$400	5%	\$530	\$465	-12%
City Bays (Mission Bay to St Heliers)	\$260	\$230	-12%	\$385	\$400	4%	\$470	\$545	16%	\$825	\$737	-11%
Remuera	\$240	\$252	5%	\$360	\$377	5%	\$517	\$562	9%	\$595	\$750	26%
Meadowbank (Remuera South, Glendowie)	\$250	\$250	0%	\$300	\$310	3%	\$480	\$480	0%	\$560	\$615	10%
Gl/Panmure/Mt Wellington	\$200	\$210	5%	\$260	\$275	6%	\$340	\$360	6%	\$370	\$397	7%
Howick (Bucklands Beach, Botany)	\$280	\$292	4%	\$310	\$350	13%	\$380	\$410	8%	\$465	\$480	3%
Pakuranga	\$215	\$220	2%	\$270	\$302	12%	\$340	\$365	7%	\$430	\$480	12%
Mangere/Otahuhu/Otara	\$195	\$197	1%	\$250	\$255	2%	\$300	\$320	7%	\$365	\$372	2%
Papatoetoe	\$202	\$212	5%	\$260	\$277	7%	\$320	\$330	3%	n/a	n/a	
Manukau/Manurewa	\$192	\$205	7%	\$250	\$260	4%	\$290	\$310	7%	\$400	\$400	0%
Papakura	\$180	\$205	14%	\$255	\$252	-1%	\$295	\$310	5%	\$349	\$390	12%
Pukekohe (Tuakau, Waikuku)	n/a	n/a		\$222	\$240	8%	\$280	\$300	7%	\$348	\$390	12%
<b>New Zealand</b>	\$178	\$180	1%	\$230	\$242	5%	\$282	\$300	6%	\$350	\$385	10%

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