

## **Main Urban Areas Commentary:**

### **Auckland:**

Property values in the Auckland region increased by 8.1% over the past year (calculated over the three months ending February 2008 in comparison to the same period last year). The average sale price for the region increased to \$518,085 compared to \$507,728 recorded last month.

"Annual growth rates continue to ease across the entire Auckland region dropping between 0.7% and 2.8%. We expect this trend to continue over the coming months" said Glenda Whitehead of QV Valuations.

"Of the main urban centres North Shore City experienced the largest drop in annual growth going from 11.1% to 8.3% despite recording the highest average sale price in the Auckland region of \$598,131. Auckland City eased only 0.7% from 7.9% to 7.2%, with an average sale price of \$589,265. Manukau City eased 2.1% to 9.2% annual growth, with an average sale price of \$446,772. Waitakere City was down 1.3% to 9.4% annual growth, and has an average sale price of \$406,327" said Whitehead.

"Our valuers have noticed increased caution in the market place. There appears to be a reduced number of active buyers and those that are purchasing are doing so with caution. The vendor-buyer expectation gap remains, with many buyers influenced by market commentary of a slowing property market, and therefore keeping that gap open. Some buyers are even using the predictions of large drops in property values to lower their current offers" said Whitehead.

"Properties are taking longer to sell and some vendors are waiting for the right buyer. After a long period of low levels of sales listings, there are now noticeably more, and this is compounding with a slower turn-over of properties. There has also been an increase in the number of properties being advertised with wording indicating that vendors are in financial stress" said Whitehead.

"Our valuers are doing more maintenance and advisory type work at the moment as people roll over their mortgages, seek advice about their renovations, or seek pre sale advice" said Whitehead.

"Interest rates are definitely impacting on the property market. The residential investment market seems to be faring poorly, not surprisingly, with rental returns typically in the 4% to 6% range and first mortgage rates close to 10%. Others to be impacted are those who did not budget for the rate rises that have occurred" said Whitehead.

"The levelling off of the market presents opportunities for first home buyers, and those who cashed up last year based on predictions that the market would correct itself in the near future. Many of QV's valuation clients, who own property, are taking a wait-and-see approach, especially those who have been through previous market cycles" said Whitehead.

**Hamilton:**

Property values in Hamilton increased by 6.1% over the past year (calculated over the three months ending February 2008 in comparison to the same period last year). The average sale price for the city was \$360,879 down from \$363,261 in January.

"Declining sales volumes, a good supply of properties on the market, and the impact of increasing interest rates and decreasing immigration continue to put downward pressure on residential values in the city. For the first time in a number of years there is an over supply of residential properties on the market in Hamilton. Anecdotal evidence suggests that in some instances agents are declining listings if vendors have unrealistic price expectations" said Richard Allen of QV Valuations.

"Hamilton's residential property value growth continued to slide with significant decreases in both annual property value growth and average sale prices for most parts of the city. Across the whole city, the annual property value growth decreased to 6.1% from 8.3% in January. The Central City/North West area of Hamilton decreased from 6.4 % in January to 4.5% in February, the South West decreased from 8.0% to 5.5%, Hamilton North East decreased from 10.0% to 6.6% and South East Hamilton decreased from 7.3% to 5.8%. The average sale price in the city also decreased for the third consecutive month from \$363,261 to \$360,879" said Mr Allen.

"With demand continuing to soften in most areas it will be interesting to see if there is further downward pressure on prices. At this stage the general feeling is that sale prices are likely to fall a little more before leveling out" said Mr Allen.

**Tauranga:**

Property values in Tauranga City increased by 2.9% (calculated over the three months ending February 2008 in comparison to the same period last year), down on the 3.4% reported for January. The average sale price for the city was \$425,007.

"There is now widespread acceptance that the property market is quieter. Rising interest rates are helping to fuel uncertainty amongst both buyers and sellers. Lower than expected sale prices are now coming through with more regularity" said Shayne Donovan-Grammer of QV Valuations.

"There is an abundance of stock available with some categories and locations faring better than others. Our valuers have commented that the apartment market, both in Mount Maunganui and Tauranga is performing poorly" said Mr Donovan-Grammer.

**Wellington:**

Property values in the Wellington region increased by 10.0% over the past year (calculated over the three months ending February 2008 in comparison to the same period last year), down from 11.0% reported last month. The average sale price for the region increased from \$445,859 last month to \$457,530 this month.

"The market changed significantly in September 2007 and as a result there are now fewer buyers, more properties for sale, longer selling times, and less sales taking place. Property values have been slow to respond to the changing market but we are starting to see the end of a very strong run of value increases" said Max Meyers of QV Valuations.

"The changes in the market are impacting more noticeably on lower priced properties and therefore we are still seeing higher average and median sale prices. For the Wellington region the latest figures show an increase in property value growth of 10.0%, ranging from a low in Wellington's Eastern suburbs of 8.0% to a high in Porirua of 12.2%. While property values in the greater Wellington region are still showing good 'year on year' growth figures, the rate of growth has slowed from a peak of 16.5% reported in August 2007. This easing trend is expected to continue for the next few months, and while a decline in value for the whole region is not yet evident, it is already happening in some areas. Across the cities in the region between 33% and 50% of properties are selling below their August/September 2007 rating values" said Mr Meyers.

"All areas are showing declining annual growth rates. The biggest change has been in Lower Hutt which has dropped from a Sept 2007 high of 20.4% to 9.9% in February 2008. The suburbs showing the most declines are Stokes Valley, Taita, Avalon, Western Hills, Petone and Wainuiomata. Upper Hutt also dropped from an August 2007 high of 21.5% to 13.4% in February 2008, with the Rimutaka area being the weakest market" said Mr Meyers.

"Wellington City has dropped from a July 2007 high of 14.7% to 9.2% in February. The areas showing the weakest markets are Churton Park/Johnsonville, Kelburn/Northland, Karori, Brooklyn/Kingston, and Miramar/Strathmore Park" said Mr Meyers.

"Porirua City has dropped from a September 2007 high of 16.7% to 12.2% in February. It appears that this market is doing better than most with the weakest areas being Papakowhai, Whitby and Onepoto" said Mr Meyers.

"Average sale prices are continuing to increase across the region. The highest average sale price is in Wellington's Eastern Suburbs at \$597,566 increasing \$30,230 for the month. The lowest average sale price is in Kapiti, which at \$363,702 remains unchanged from last month" said Mr Meyers.

"The outlook is for a period of much lower property value growth, with some areas falling back slightly. This is not expected to be dramatic as we have full employment and good demand for properties in most areas" said Mr Meyers.

### **Christchurch:**

Property values in Christchurch increased by 6.1% over the past year (calculated over the three months ending February 2008 in comparison to the same period last year) down from 6.9% reported last month. The average sale price for the city decreased to \$362,927 from \$367,681 reported in January.

"The belief that the housing market is slowing appears to have become entrenched, with the sixth consecutive month of decreasing annual growth rates. In February the average sale price for Christchurch also dropped back from its January peak of \$367,681 to \$362,927" said Richard Kolff of QV Valuations.

"There appears to be something of a standoff in the market at present. Sellers, where possible, are battenning down the hatches waiting for signs that the market will stabilise, and buyers are holding back because of the possibility of losing money in a softening market" said Mr Kolff.

"Property developers in particular are curtailing their activities. In this slowing market greater uncertainty of profit and bigger potential for loss is making property development a less attractive proposition. In addition, the recent problems in the finance sector are making funds harder to come by" said Mr Kolff.

"Annual growth rates continue to decline reflecting the recent downturn in the market. In the local areas the lowest annual growth rates recorded were 5.6% and 5.2% for Christchurch's northern suburbs and hill suburbs respectively. Southern areas fared the best, with Ashburton recording growth of 11.0% and Timaru 13.0% growth compared to the same period last year" said Mr Kolff.

**Dunedin:**

Dunedin's residential property values increased by 5.3% over the past year (calculated over the three months ending February 2008 in comparison to the same period last year), down from 6.1% reported last month. The average sale price in Dunedin was \$280,121.

"Value growth has continued to ease as predicted. This downward trend in growth started in August last year and with the recent interest rate increases we expect this will continue well into the year. This trend is consistent with all the main centres in New Zealand" said David Paterson of QV Valuations.

"While the statistics do not show values are dropping, there is evidence of prices easing in some instances, particularly for properties that require some attention in the way of deferred maintenance, or those with design features that do not suit the wider market. These properties would generally sell well in a buoyant market, but under normal market conditions would attract a more significant discount" said Mr Paterson.

"The market is now far more favourable for the buyer because of the high number of listings and the reduced demand. Sellers on the other hand need to be sure they are realistic with their asking prices and depending on their circumstances should be prepared to consider any offer that is close to expectations" said Mr Paterson.

**QV RESIDENTIAL PRICE MOVEMENT REPORT - as at February 2008**

<b>City/Region</b>	<b>February 2008 Property Value Growth %</b>	<b>January 2008 Property Value Growth %</b>	<b>February 2008 Average sale price</b>
	<b>(Annual % Change)</b>	<b>(Annual % Change)</b>	<b>(\$)</b>
Far North	11	11.4	371,593
Whangarei	7.3	7.9	348,639
<i>Kaipara*</i>	6.1	10.7	314,462
Rodney	10.7	11.4	564,475
- Hibiscus Coast	8.1	8.7	558,328
- Rodney (North)	14.3	15.2	575,540
North Shore (A) #	8.3	11.1	598,131
- Coastal North Shore	8.9	10.9	689,295
- North Shore Onewa	8.1	10.7	473,906
- North Harbour	8.4	13.2	629,777
Waitakere (A) #	9.4	10.7	406,327
Auckland (A) #	7.2	7.9	589,265
- Auckland City (Central)	4.5	3.4	517,494
- Auckland City (East)	9.2	9.1	745,009
- Auckland City (South)	8.4	9.8	509,921
- Islands	7.5	13.3	657,313
Manukau (A) #	9.2	11.3	446,772
- Manukau East	9.9	12.5	569,414
- Manukau Central	10.1	12	360,651
- Manukau North West	8.6	10	395,811
Papakura (A) #	7.7	8.8	344,349
Franklin	8.5	9.2	392,766
<i>Thames Coromandel*</i>	5.7	5.7	416,500
<i>Hauraki*</i>	N/A	N/A	297,531
<i>Waikato*</i>	6.6	10.6	294,411
Matamata Piako	7.8	9.6	303,053
Hamilton #	6.1	8.3	360,879
- Hamilton North East	6.6	10	443,147
- Central City/North West	4.5	6.4	331,080
- Hamilton South East	5.8	7.3	341,056
- Hamilton South West	5.5	8	334,981
Waipa	5.3	6.5	333,076
<i>Otorohanga*</i>	-1.7	-4.4	244,857
South Waikato	17.1	20.4	158,537
<i>Waitomo*</i>	1.7	13.5	192,071
Taupo	0.1	1.3	366,733
Western BOP	0.6	0.3	463,181
Tauranga #	2.9	3.4	425,007
Rotorua	7	9.1	288,531
Whakatane	-4.3	-1.1	343,306
<i>Kawerau*</i>	7.6	10.7	156,700
<i>Opotiki*</i>	-2.3	-2	240,707
Gisborne	5.4	5.5	274,575
<i>Wairoa*</i>	N/A	N/A	183,046
Hastings	3.2	5.1	310,659
Napier #	3.7	4.9	339,376
<i>Central Hawkes Bay*</i>	12.9	9.4	227,030
New Plymouth	3.9	2.9	330,414
<i>Stratford*</i>	12.2	12.1	204,709

South Taranaki	2.5	4.9	195,798
<i>Ruapehu*</i>	8.4	15.3	171,434
Wanganui	5	7.4	208,978
Rangitikei	11.6	12.3	181,508
Manawatu	9.8	11.2	229,306
Palmerston North #	7.1	7.6	308,624
Tararua	11	13.2	166,353
Horowhenua	14	13.7	234,980
Kapiti Coast	10.2	11.6	363,702
Porirua (W) #	12.2	11.7	402,956
Upper Hutt (W) #	13.4	13	346,474
Hutt (W) #	9.9	10.9	384,125
Wellington (W) #	9.2	10.6	534,338
- Wellington City & Southern Suburbs	9.7	10.8	528,572
- Eastern Suburbs	8	10.6	597,566
- North Wellington	9.1	10.2	478,091
- Western Suburbs	9.5	10.4	597,259
Masterton	16.4	19.9	255,130
<i>Carterton*</i>	12	18.3	285,288
South Wairarapa	15.7	19.4	341,310
Tasman	5.3	5.7	377,978
Nelson #	6.9	7.9	372,971
Marlborough	6.7	8.3	363,869
<i>Kaikoura*</i>	<i>N/A</i>	<i>N/A</i>	362,115
<i>Buller*</i>	12.7	5.8	188,489
<i>Grey*</i>	10.2	12	222,266
<i>Westland*</i>	6.1	7.6	213,295
<i>Hurunui*</i>	10.2	12.4	287,370
Waimakariri	7.2	8.8	326,641
Christchurch #	6.1	6.9	362,927
- East	7.1	6.9	310,381
- Hills	5.2	7.3	486,815
- Central City and North	5.6	7.4	403,944
- Southwest	7.6	8.2	343,312
- <i>Banks Peninsula*</i>	7.6	12.8	451,341
Selwyn	10.7	11.8	388,261
Ashburton	11	13.5	272,725
Timaru	13	13.2	227,856
<i>MacKenzie*</i>	0.7	10.1	269,328
<i>Waimate*</i>	21.3	26.9	174,708
Waitaki	9.5	13	211,463
Central Otago	12	12.8	309,410
Queenstown Lakes	5.2	6.7	583,752
Dunedin #	5.3	6.1	280,121
- Central/Northern City	4	3.9	281,297
- Peninsular/Coastal Dunedin	6.2	5.6	256,746
- Southern City	3	5.5	273,324
- Taieri	7.8	7.3	298,258
Clutha	13.2	8.9	176,841
Southland	12.8	14.2	219,348
Gore	18.1	19.1	168,789
Invercargill #	24.5	25.9	215,739
<b>Total NZ</b>	<b>7.7</b>	<b>8.9</b>	<b>393,240</b>
Auckland Area (A)	8.1	9.6	518,085
Wellington Area (W)	10	11	457,530
Main Urban Areas #	7.8	10.1	434,840

**Notes on the above data:**

If a City or Region is shown in italics with an \* this indicates the values for this area may not be statistically accurate as they are based on a low volume of sales.

N/A - indicates that either there were too few sales to report a Property Value Growth % or that the data for this period was unavailable

The information included in the above table is calculated based on the sales data entered into QV's system for the previous 3 month period. For example, information for the period ending June will be calculated based on sales entered between April 1 and June 30.

Property Value Growth is the annual % change in residential property values, calculated using QV's House Price Index methodology. The residential sales entered into QV's system for the previous 3 month period are compared to the same period of the previous year to identify the annual percentage change in residential property values. Average sale prices are calculated based on residential sales entered into QV's system for the previous 3 month period.

## **Residential Price Movement**

### **Questions and Answers:**

The following information is provided as background to the Residential Price Movement statistics.

#### **1. *What is the Residential Price Movement Report?***

The Residential Price Movement Report is a new set of residential property statistics that provides an estimate of the change in residential property values over the previous 12 months for areas throughout New Zealand. Residential sales compiled by QV for the previous 3 months are compared to the same period of the previous year to identify the annual percentage change in residential property values. The residential sales included are for residential houses, apartments, flats, home and income properties, and houses converted to flats.

#### **2. *Why has the Residential Price Movement Report been developed?***

The Residential Price Movement Report has been developed to provide a timely indicator of residential property value movement, using the latest residential sales data compiled by QV for the previous 3 month period.

QV has previously only released property statistics quarterly. QV's measure of price movement has been the Quarterly House Price Index (QHPI). The QHPI only includes sales that have been notified to the Territorial Authority that sold within the quarter. As sales of properties can sometimes take 4-6 weeks to settle, the QHPI is released after an extended period to incorporate as much sales activity from the quarter, which results in increased statistical accuracy, but also a less timely output.

As the Residential Price Movement Report uses the sales compiled by QV over a 3 month period, rather than the sales that necessarily sold within that period, the Residential Price Movement Report can be released on a more frequent basis, providing a timelier indicator of property value movement. The Residential Price Movement Report also includes sales activity in other residential property sectors including apartments and flats.

#### **3. *How frequently will the Residential Price Movement Report be released?***

The Residential Price Movement Report data will be available to the media on a monthly basis. It will be released to the media for publication on either the second or third Monday of each month.

#### **4. *How current is the Residential Price Movement data?***

The data contained in the Residential Price Movement Report is based on the residential sales compiled by QV for the previous 3 month period.

For example, the Residential Price Movement Report as at January 2005 will include sales compiled by QV up until 31 January 2005 and include sales compiled since 1 November 2004.

**5. Why does the Residential Price Movement Report include sales compiled by QV over a 3 month period?**

Sales are included over a 3 month period rather than a single month to ensure that there are sufficient sales volumes to calculate statistically accurate property value growth.

**6. How is the Residential Price Movement data calculated?**

The Residential Price Movement Report includes two indicators of property value; the property value growth, and average sales prices.

**Property Value Growth**

The Property Value Growth uses QV's House Price Index methodology, which generates a residential index for each area by recognising the sales price of each property sold compared to its capital value. This ensures the index provides a measure of change in property values, without fluctuations caused by higher sales volumes in one or more property sectors (e.g. high volumes of apartment sales or investment properties).

Residential sales compiled by QV for the previous 3 month period are compared to the sales compiled by QV for the same period the previous year to identify the annual percentage change in property values.

**Average Sales Prices**

The Average Sales Prices calculated in the Residential Price Movement Report are based on residential sales compiled by QV for the previous 3 month period.

**7. Does property value growth reflect a change in average sales prices?**

No. Property Value Growth does not reflect a change in average sales prices, which are only given to enable a comparison of sale prices for one month compared to the last. Property Value Growth uses QV's House Price Index methodology to generate a residential index for each area by recognising the sales price of each property sold compared to its capital value.

**8. Why does QV recommend using the Property Value Growth rather than Average Sales Prices to verify the change in property values over time?**

Average Sales Prices are only provided in the Residential Price Movement Report as a broad indicator of property values in an area to assist comparisons between areas. QV recommends referring to the property value growth to verify change in property values over time, rather than the average sales price, as the average sales prices can be impacted by the types and categories of properties selling, or low volumes of property sales.

**9. When was the Residential Price Movement Report first released?**

The Residential Price Movement Report was first released for the period ending January 31 2005. The QV Quarterly House Price Index, which measures the movement of house values over time, is available back until 1989. QV is also able to produce statistics using its database going back to 1985 for most areas.

**10. Why does the Residential Price Movement Report provide an 'estimate of property value' only?**

Data in the Residential Price Movement Report provides estimates only of property value, and should not be considered ‘final’ statistics, as not all sales for the 3 month period will be included due to the time the data is released. This is because some sales within the 3 month period will not have been notified to the Territorial Authority in time for inclusion in the Residential Price Movement Report data. Notification of the sale to the Territorial Authority does not occur until after the sale has been settled and documents forwarded by the solicitor. This generally introduces a lag of 4 to 6 weeks before the Territorial Authority records the sale.

QV produces final property statistics which are released after an extended period to incorporate a greater level of sales activity, resulting in a more statistically accurate output. Final property statistics, including the QV Quarterly House Price Index, can be purchased online at [www.qv.co.nz](http://www.qv.co.nz).

11. **Why do some Territorial Authorities show ‘N/A’ (Not Available)?**

Territorial authorities may show ‘N/A’ if there is insufficient data available at the time of publication to produce statistically accurate outputs. This may occur when there has been very low sales activity in an area, or alternatively when QV has not been supplied sufficient residential sales volumes by a Territorial Authority for a particular period.

12. **Why does QV caution against using statistics with low volumes of sales?**

Statistics based on low sales volumes should be used with caution, as low volumes of sales are insufficient to create statistically accurate outputs. Any statistics calculated based on sales volumes of less than 50 sales appear in Italics in the Residential Price Movement Report data.

13. **How are the regions and city areas defined?**

Property Value Growth statistics are provided for each council area throughout New Zealand. Five main urban areas (Auckland, Hamilton, Wellington, Christchurch, and Dunedin) also have property value growth statistics available for areas within the cities. These city areas have been defined through consultation with QV Valuers that have local knowledge of each area.

Property Value Growth Statistics are not provided for individual suburbs, as most suburbs have insufficient sales volumes to ensure statistically accurate property value growth calculations.

14. **Where does QV source the property data?**

QV maintains a national database on Property Information that it creates by sourcing updates of the District Valuation Roll from all NZ Territorial Local Authorities/councils.