

Main Urban Areas Commentary:

Auckland:

Property values in the Auckland region increased by 4.7% over the past year (calculated over the three months ending April 2008 in comparison to the same period last year). The average sale price for the region decreased to \$508,043 compared to \$516,253 recorded last month.

"Annual growth rates have continued to ease, but at this stage average property values across the Auckland region are still ahead of where they were this time last year, but for how much longer we can't say. Given what we are seeing in the market at present, we suggest growth rates will continue to pull back." said Glenda Whitehead of QV Valuations.

"In some areas of Auckland, such as Waitakere City, auctions are no longer the preferred marketing tool, with vendors using asking prices to attract buyers. Some investors struggling to make the returns required to meet current interest rates are attempting to sell properties purchased just two or three years ago, and when all costs are considered are likely to realize little if any capital gain over that time. Other well placed investors are out searching for bargains." said Whitehead.

"Within wider south Auckland, activity levels remain higher at the lower end of the market, while properties over \$500,000 are sitting on the market for longer. Vendors who need to sell are adjusting both their expectations and asking prices " said Whitehead.

"The use of urgent and distressed terminology, such as "vendor must sell", "mortgagee sale", "all offers considered" in advertising of real estate continues to attract bargain hunters, and very low offers. Vendors should carefully instruct their agents on this matter, to ensure their properties are not exposed in an un-favorable light" said Whitehead.

"Within Auckland City, quality properties in traditionally highly sought-after suburbs, such as Remuera, are taking longer to sell, but continue to achieve good prices. On the other hand we have had reports of well situated properties purchased as do-ups, and now renovated that are unlikely to recover the project costs. Increasing building, compliance and finance costs have been impacting on the market for quite some time now. However, we are now hearing of reducing building costs as workload reduces" said Whitehead.

Hamilton:

Property values in Hamilton increased by 2.3% over the past year (calculated over the three months ending April 2008 in comparison to the same period last year). The average sale price for the city was \$362,252, up slightly from the \$359,668 recorded in March.

"The continued decline in sales volumes, a good supply of properties on the market, the impact of increasing interest rates and decreasing immigration continued to cause growth in residential property values in the city to slow. Annual property value growth continued to slide reaffirming the downward trend we have seen in the early part of 2008" said Richard Allen of QV Valuations.

"The significant decreases in annual growth that we have seen over the last couple of months continued for all parts of the city, decreasing to 2.3% from 3.4% in March.

The Central City/North West area of Hamilton decreased to 2.0%, the South West 1.8%, Hamilton North East to 2.4% and South East Hamilton to 1.1%" said Mr Allen.

"Interestingly the decline in the average sale prices in the city that has occurred over the last four months did not occur in April with a slight recovery to \$362,252. With demand continuing to soften in most areas it will be interesting to see what impact the downward pressure will have on the average sale price in the next couple of months. At this stage expectations and the general feeling is that sale prices are likely to fall a little more before leveling out" said Mr Allen.

Tauranga:

Tauranga's residential property values increased by 3.5% over the past year (calculated over the three months ending April 2008 in comparison to the same period last year), down slightly from the 3.7% reported last month. The average sale price in Tauranga increased to \$438,986.

"In Tauranga there is an increasing oversupply of properties on the market as a result of a low number of sales" said Shayne Donovan-Grammer of QV Valuations.

"The discounting of property asking prices is starting to become more prevalent. There is currently a genuine lack of interest in property in most locations and categories. While it is certainly not a sellers market; buyers still have to look at a number of homes before they find one that where the sellers price expectations are realistic." said Shayne Donovan-Grammer of QV Valuations.

"Apartments and new townhouses continue to decline in popularity and buyers simply cannot be found for this property category at the moment. Vendors who bought an apartment off plans two to three years are struggling to get their original purchase price" said Mr Donovan-Grammer.

Wellington:

Property values in the Wellington region increased by 5.6% over the past year (calculated over the three months ending April 2008 in comparison to the same period last year), down from 8.1% reported last month. The average sale price for the region decreased to \$438,292 from \$440,483 in March.

"The easing trend in the market is now very apparent and is likely to persist for a few months yet. Annual value increases are slowing significantly in all areas and the current growth of 5.6% is the lowest for three years and more than 10 percentage points less than the peak of 16.5% only eight months ago in August 2007. The highest growth in values is in Upper Hutt at 7.4%, and the lowest is in the Western Suburbs at 3.7%" said Max Meyers of QV Valuations.

"The easing trend is affecting all areas and price ranges, but not to the same extent. There is still reasonable buyer interest but greater choice means more negotiation. Good properties are holding their value, but buyers are sensitive to price, location and the standard of the property" said Mr Meyers.

"We expect the market to follow the typical winter pattern over the coming months with the number of sales reducing further and even longer selling times. This could mean that by August we will see prices decreasing compared to the same period last year. However, these declines may not last long as the traditional Spring surge leading to firmer prices may again commence in October" said Mr Meyers.

Christchurch:

Property values increased by 4.6% in Christchurch over the last year (calculated over the three months ending April 2008 in comparison to the same period last year) down from 5.8% reported last month. The average sale price for the city declined slightly from March, being \$362,249 in April.

While the market movement is still positive, the year on year growth has been constantly declining from August 2007 when the annual growth rate was 14.1%. Most of the growth reflected in the current period generally occurred in 2007 with 2008 being fairly flat.

"It is not all doom and gloom for the property market, while sales volumes are well down on a year ago and selling periods are longer, prices are showing resilience with many properties holding their own. The softening of the housing market is particularly affecting higher priced properties and ones with less attractive features. It is important to have your property well presented and well priced in the current market. While market prices could currently be described as flat, downward pressure on prices won't subside until sales volumes improve" said Mark Dow of QV Valuations.

"Market confidence has been shaken and buyer and seller expectations are often still too far apart. The buyers are concerned about where the market might be at in six months time and have been slow to make purchasing decisions while they perceive a risk to be present. This caution is likely to continue over the winter months" said Mr Dow.

Dunedin:

Dunedin's residential property values decreased by -0.1% over the past year (calculated over the three months ending April 2008 in comparison to the same period last year), down from 2.2% reported last month. The average sale price in Dunedin was \$272,361.

"There has been a continuation of the easing in the QV value growth index to a point where it is now negative for the first time since the start of the index in May 2004. There is no evidence to suggest this trend will change in the short term as we move into the traditionally quiet winter period" said David Paterson of QV Valuations.

"Last month we reported negative growth in the southern part of the city. This trend has continued with the April index showing -3.5% growth. This area is popular with investors and first home buyers and it is perhaps an indication that they are holding off making purchasing decisions until the market settles" said Mr Paterson.

"There are still a significant number of listings providing good choice to prospective purchasers. Agents are reporting little interest in open homes, however there has been a significant increase in the use of the internet to assess the properties on the market. Properties that are realistically priced are still selling, with most activity in the \$250,000 to \$300,000 range" said Mr Paterson.

QV RESIDENTIAL PRICE MOVEMENT REPORT - as at April 2008			
City/Region	April 2008 Property Value Growth % (Annual % Change)	March 2008 Property Value Growth % (Annual % Change)	April 2008 Average sale price (\$)
Far North	9.1	8.8	351,029
Whangarei	3.5	5.6	342,940
Kaipara	12.4	7.9	281,264
Rodney	9	9.8	564,433
- Hibiscus Coast	7.9	8.1	550,784
- Rodney (North)	11.4	12.1	583,560
North Shore (A) #	5.9	7.9	612,623
- Coastal North Shore	4.7	7.3	703,238
- North Shore Onewa	7.5	8.7	484,637
- North Harbour	7.9	8.9	626,822
Waitakere (A) #	5.9	7.9	400,985
Auckland (A) #	3.2	6.2	574,411
- Auckland City (Central)	0.3	4.6	500,042
- Auckland City (East)	3.9	7.6	738,985
- Auckland City (South)	4.8	7	504,020
- Islands	5.2	4.7	589,553
Manukau (A) #	5.8	7.8	425,517
- Manukau East	5.4	7.3	544,332
- Manukau Central	6.5	8.3	345,354
- Manukau North West	6.7	9.5	391,093
Papakura (A) #	4.2	5.1	362,359
Franklin	5.6	7	380,709
<i>Thames Coromandel*</i>	2.7	<i>N/A</i>	516,303
Hauraki	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Waikato*</i>	7.6	4.7	280,310
Matamata Piako	6	6.8	309,254
Hamilton #	2.3	3.4	362,252
- Hamilton North East	2.4	3.3	439,628
- Central City/North West	2	2.7	346,996
- Hamilton South East	1.1	3.2	348,001
- Hamilton South West	1.8	3.4	318,083
Waipa	0.3	2	345,405
<i>Otorohanga*</i>	6	-2.8	262,944
South Waikato	11.6	13.8	147,894
<i>Waitomo*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Taupo	0.9	0	363,672
Western BOP	0	-0.3	426,192
Tauranga #	3.5	3.7	438,986
Rotorua	5.8	5.8	281,287
Whakatane	-0.6	-2.4	349,861
<i>Kawerau*</i>	3.9	7.7	162,094
<i>Opotiki*</i>	-3.9	-2.7	247,033
Gisborne	1.1	3.2	282,453
<i>Wairoa*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Hastings	4.1	3.7	307,929

Napier #	4.1	3.4	342,999
<i>Central Hawkes Bay*</i>	7.1	11	224,950
New Plymouth	0.5	3.1	344,683
<i>Stratford*</i>	12.5	9.2	174,010
South Taranaki	1.6	2.7	187,301
Ruapehu	2.6	10.3	158,909
Wanganui	1.7	3.1	213,296
Rangitikei	4.6	5	177,022
Manawatu	5.7	8.6	257,233
Palmerston North #	1.8	5.1	294,539
Tararua	14.8	15.6	167,460
Horowhenua	9.4	11.9	240,637
Kapiti Coast	4.8	10	361,834
Porirua (W) #	6.7	10.2	392,834
Upper Hutt (W) #	7.4	10.1	344,621
Hutt (W) #	5.3	8.3	374,803
Wellington (W) #	5.3	7.4	503,290
- Wellington City & Southern Suburbs	6.6	7.7	501,169
- Eastern Suburbs	3.9	5.5	578,545
- North Wellington	5.6	7.9	461,005
- Western Suburbs	3.7	7.7	527,725
Masterton	8.4	13.5	265,413
<i>Carterton*</i>	9.7	9.4	279,279
South Wairarapa	10	11.3	344,144
Tasman	5.3	4.9	404,751
Nelson #	3	4.9	363,796
Marlborough	3.8	4.8	358,697
<i>Kaikoura*</i>	2.2	N/A	409,200
Buller	5.6	8.2	203,143
<i>Grey*</i>	9.6	9.8	222,470
<i>Westland*</i>	5.8	4.3	224,890
Hurunui	8.8	12.5	309,015
Waimakariri	4.7	5.4	325,800
Christchurch #	4.6	5.8	362,249
- East	4.1	5.7	309,786
- Hills	5.3	7.1	476,495
- Central City and North	4.9	6.1	404,825
- Southwest	5.9	7.2	343,258
- Banks Peninsula*	9.3	7.6	470,760
Selwyn	9.5	11.7	407,369
Ashburton	8.9	10	270,025
Timaru	9.4	11.2	250,328
<i>MacKenzie*</i>	1.2	0.7	253,608
<i>Waimate*</i>	21.1	20.1	201,724
Waitaki	11	12.9	214,722
Central Otago	5.6	8.8	327,593
Queenstown Lakes	7.4	6.2	560,067
Dunedin #	-0.1	2.2	272,361
- Central/Northern City	0.8	2.2	276,708
- Peninsular/Coastal			
Dunedin	2.1	3.3	230,767
- Southern City	-3.5	-1.4	268,088

- Taieri	1.6	4.3	288,693
Clutha	10.3	12.1	171,032
Southland	12.7	12.5	223,591
Gore	10	9.5	171,645
Invercargill #	19.3	21.8	220,890
Total NZ	4.9	6.5	388,465
Auckland Area (A)	4.7	7.1	508,043
Wellington Area (W)	5.6	8.1	438,292
Main Urban Areas #	4.6	6.7	425,661

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.

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.