

## **Main urban areas commentary:**

### **Auckland:**

Property values in the Auckland region increased by 1.8% over the past year (calculated over the three months ending May 2008 in comparison to the same period last year), down from 4.7% recorded in April. The average sale price for the region remained consistent at \$508,651.

“The wider Auckland market has shown a continued easing in growth rates, which is in line with our expectations, while average sale prices have eased only marginally on levels reported last month” said Glenda Whitehead of QV Valuations.

“In the Auckland Region, a degree of calm and more rational thought patterns are beginning to return to the market. The imbalance in the expectations of buyers and sellers remains, but we are now beginning to see people make more rational, financial based decisions about property. For some sellers this has meant reviewing asking prices and setting them at levels that will enable a sale to be achieved, for others it has meant withdrawing the property from the market, and either sitting tight or renting it out. In recent weeks, we have seen many examples of the latter throughout Auckland and Waitakere Cities. Vendors appear to accept that it is not the ideal time to sell, and that in many cases they would be financially better off to rent for the short to medium term. Generally speaking there appears to be greater acceptance of the weaker market conditions” Whitehead said.

“Buyers remain cautious in all areas although our valuers note a little more activity in some areas in recent weeks. In the West, tidy homes and those that have been renovated seem to be selling, but dated homes in group housing areas are just sitting on the market. Agents continue to report that buyers are still taking plenty of time, and many vendors remain unrealistic in their price expectations. In general, buyers are being quite aggressive in their offers, particularly those who have already sold their own property. Some normality is returning to the market, with decisions based on personal need, rather than market movements taking place” according to Whitehead.

“Buyer caution can be attributed in part to high interest rates, and it would seem obtaining finance is no longer a given, with banks being more risk averse on who they lend to and how much they will make available” said Whitehead.

“In the south Auckland area, we note that there have been greater downward price pressures in the traditional investor suburbs, such as Manurewa, Papatoetoe and Otara, as residential property investment has become a less attractive option to gain financial reward. The eastern suburbs of Pakuranga & Howick tend to be holding values better, but are taking longer to sell” said Whitehead.

“The CBD apartment market still seems to be suffering from many negative influences. There are stories of vendors selling at losses, with multiple apartments going up for sale at the same auction. Given some of the prices now being paid, this market must start to show good investment returns moving forward” Whitehead said.

### **Hamilton:**

Property values in Hamilton increased by 0.5% over the past year (calculated over the three months ending May 2008 in comparison to the same period last year). The average sale price for the city was \$368,089 up from the \$362,252 reported in April.

“The continued decline in sales volumes, a good supply of properties on the market,

growth in residential property values in the city to slow. The significant decreases in annual property value growth that we have seen over the last couple of months continued for all parts of the city, with the Central City/ North West and Hamilton South West actually showing declining year on year values for the first time” said Richard Allen of QV Valuations.

“While there is anecdotal evidence to suggest that some properties are selling at reduced prices, and that the current market favors buyers, the decline in the average sale price experienced throughout the first few months of 2008 did not continue in April and May. 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 our expectations are that sale prices are likely to fall a little more before leveling out as we enter the spring months” said Mr Allen.

### **Tauranga:**

Tauranga’s residential property values increased by 1.1% over the past year (calculated over the three months ending May 2008 in comparison to the same period last year), down from the 3.5% reported last month. The average sale price in Tauranga increased slightly to \$439,970.

“The market is clearly volatile with a wide variance in sale prices for similar stock which can be attributed to the vendor’s financial circumstances. Some sellers have discounted their homes heavily to get out of the market while others who are in a better financial position are holding out for higher prices or taking their houses off the market” said Shayne Donovan-Grammer of QV Valuations.

“In some categories we are starting to see sales prices increase again, particularly in the apartment market and blue-chip waterfront locations such as Marine Parade. The prudent move for buyers is to perhaps invest in established, well regarded areas which have a higher underlying stability” said Mr Donovan-Grammer.

### **Wellington:**

Property values in the Wellington region increased by 3.4% over the past year (calculated over the three months ending May 2008 in comparison to the same period last year), down from 5.6% reported last month. The average sale price for the region decreased from \$438,292 in April to \$436,635.

“The property market has changed dramatically since this time last year with 30% less sales and these are taking 70% longer to sell. The latest QV statistics clearly show the market is slowing, but residential property values are still showing year on year growth. The 3.4% annual growth in May 2008 is down from 15.1% annual growth recorded in May 2007. If this declining trend continues it is expected that the year on year property values will be in decline by August this year” said Max Meyers of QV Valuations.

“This period of uncertainty opens the potential for some good buying opportunities. However, at present we see circumstances of large variations in price expectations for similar properties within the same market. Given this environment it is essential that purchasers obtain reliable information prior to making a decision” Mr Meyers said.

“We are aware of good buyer interest in the market but the common theme is that they are not making offers to purchase. This is likely to change towards the end of the year when we expect to see the demand for property increase. Whilst we expect this to

steady the market, we are unlikely to see the high value increases experienced over the last two years” according to Mr Meyers.

### **Christchurch:**

Property values in Christchurch increased by 1.9% over the past year (calculated over the three months ending May 2008 in comparison to the same period last year) down from 4.6% reported last month. The average sale price for the city has remained static at \$362,981 for May.

The annual growth rate continues to slow and it is likely that next month there will be no annual growth in Christchurch residential property values. The Eastern suburbs have seen the greatest decline in the growth rate, down to only half a percent.

“Sales volumes remain low as purchasers continue to exercise caution. It is not uncommon for a buyer to look at a property but not make an offer for three to six weeks while they investigate other properties on the market. The decrease in buyer interest has occurred across all property types from vacant residential sections to luxury homes. We have also noticed some builders and developers are now selling at the current market level in order to reduce their stock” said local QV manager Mark Dow.

“Out of town properties have been hit with both a tight property market and increasing fuel prices. We have a number of clients who are looking to move due to transport costs. We are starting to notice a flow-on effect to property prices including vacant land in outlying areas. The lifestyle property market is also being hindered by increasing fuel costs” according to Mr Dow.

“While winter markets are traditionally slower, this winter is well below those of recent years. There is hope that spring will see an increase in activity and this could occur if vendors are prepared to meet the new market expectations” said Mr. Dow.

### **Dunedin:**

Dunedin’s residential property values decreased by -2.2% over the past year (calculated over the three months ending May 2008 in comparison to the same period last year), down from -0.1% reported last month. The average sale price in Dunedin decreased to \$264,686 from \$272,361 recorded in April.

The rate of value decline is reasonably consistent across the city with only the Peninsular and Coastal area still showing positive year on year value growth.

“As we predicted last month, year on year property values have continued to decline and there is still no sign of this improving in the short term. There are less properties being advertised, suggesting either vendors are withdrawing properties from the market or that not all properties are being actively advertised. We have had anecdotal reports that some vendors are renting properties out rather than accepting a lower price” said David Paterson of QV Valuations.

“There is still plenty of choice for buyers in all price brackets and as a result well informed buyers are in a strong position in the market place. It is vitally important that vendors are realistic with asking prices. Overpricing, even by a small margin will have a negative impact by discouraging prospective buyers from viewing the property” Mr Paterson said.

“There is very little interest in properties over \$600,000 and the lack of activity in the higher priced bracket has resulted in a significant reduction in the average sale price for Dunedin since last month” said Mr Paterson.

<b>QV RESIDENTIAL PRICE MOVEMENT REPORT - as at May 2008</b>			
<b>City/Region</b>	<b>May 2008 Property Value Growth % (Annual % Change)</b>	<b>April 2008 Property Value Growth % (Annual % Change)</b>	<b>May 2008 Average sale price (\$)</b>
Far North	5.1	9.1	354,104
Whangarei	2.2	3.5	349,088
Kaipara	6.4	12.4	315,212
Rodney	6.2	9	562,174
- Hibiscus Coast	3.4	7.9	544,313
- Rodney (North)	10.4	11.4	584,056
North Shore (A) #	2.6	5.9	611,373
- Coastal North Shore	1.4	4.7	696,995
- North Shore Onewa	3.2	7.5	489,840
- North Harbour	5.3	7.9	635,453
Waitakere (A) #	3.6	5.9	398,347
Auckland (A) #	0.4	3.2	579,470
- Auckland City (Central)	-1	0.3	511,346
- Auckland City (East)	0.6	3.9	759,962
- Auckland City (South)	1.4	4.8	497,918
- Islands	6.3	5.2	609,164
Manukau (A) #	2.9	5.8	423,146
- Manukau East	1.6	5.4	534,128
- Manukau Central	3.9	6.5	347,842
- Manukau North West	4.8	6.7	385,729
Papakura (A) #	2.6	4.2	361,018
Franklin	3.2	5.6	389,282
Thames Coromandel*	2.4	2.7	539,908
<i>Hauraki</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Waikato*</i>	<i>8.6</i>	<i>7.6</i>	<i>273,445</i>
Matamata Piako	6.1	6	300,617
Hamilton #	0.5	2.3	368,089
- Hamilton North East	1.3	2.4	444,323
- Central City/North West	-1.7	2	352,774
- Hamilton South East	1.1	1.1	349,361
- Hamilton South West	-0.6	1.8	319,984
Waipa	-0.1	0.3	356,222
<i>Otorohanga*</i>	<i>5.8</i>	<i>6</i>	<i>246,263</i>
South Waikato	10.9	11.6	150,197
<i>Waitomo*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Taupo	0.1	0.9	381,518
Western BOP	-1.1	0	455,005
Tauranga #	1.1	3.5	439,970
Rotorua	3.3	5.8	272,831
Whakatane	0.2	-0.6	328,057
<i>Kawerau*</i>	<i>1.2</i>	<i>3.9</i>	<i>143,166</i>
<i>Opotiki*</i>	<i>-4.1</i>	<i>-3.9</i>	<i>259,042</i>
Gisborne	-1.1	1.1	276,962

Hastings	2.4	4.1	301,689
Napier #	2.5	4.1	345,393
<i>Central Hawkes Bay*</i>	-1	7.1	219,849
New Plymouth	-1.8	0.5	344,706
<i>Stratford*</i>	13.3	12.5	189,292
South Taranaki	-0.5	1.6	204,496
Ruapehu	-0.6	2.6	161,187
Wanganui	2.1	1.7	221,968
Rangitikei	2	4.6	178,288
Manawatu	2.8	5.7	254,277
Palmerston North #	-0.3	1.8	289,858
Tararua	8.8	14.8	158,459
Horowhenua	5.2	9.4	234,048
Kapiti Coast	0.8	4.8	372,689
Porirua (W) #	4.1	6.7	391,142
Upper Hutt (W) #	3.2	7.4	342,178
Hutt (W) #	2.3	5.3	367,251
Wellington (W) #	3.7	5.3	503,271
- Wellington City & Southern Suburbs	5	6.6	484,193
- Eastern Suburbs	2.7	3.9	593,310
- North Wellington	3.6	5.6	455,235
- Western Suburbs	2.4	3.7	564,421
Masterton	7.1	8.4	269,614
<i>Carterton*</i>	5.5	9.7	260,254
South Wairarapa	8	10	338,190
Tasman	3.7	5.3	385,908
Nelson #	1.2	3	356,922
Marlborough	0.6	3.8	370,544
<i>Kaikoura*</i>	N/A	2.2	N/A
<i>Buller*</i>	3.5	5.6	208,005
Grey	8.1	9.6	207,706
<i>Westland*</i>	3.9	5.8	235,154
<i>Hurunui*</i>	6.8	8.8	339,409
Waimakariri	1.6	4.7	327,305
Christchurch #	1.9	4.6	362,981
- East	0.5	4.1	311,087
- Hills	3.3	5.3	507,800
- Central City and North	2.8	4.9	399,560
- Southwest	2.8	5.9	337,894
- Banks Peninsula	8.4	9.3	471,806
Selwyn	5.3	9.5	406,784
Ashburton	7.4	8.9	271,112
Timaru	6.5	9.4	258,167
<i>MacKenzie*</i>	-4	1.2	227,500
<i>Waimate*</i>	9.3	21.1	181,321
Waitaki	11.1	11	220,156
Central Otago	3.1	5.6	326,400
Queenstown Lakes	1.1	7.4	552,594
Dunedin #	-2.2	-0.1	264,686
- Central/Northern City	-3.9	0.8	264,635
- Peninsular/Coastal Dunedin	2.5	2.1	230,561
- Southern City	-3.4	-3.5	268,629
- Taieri	-0.1	1.6	275,641
<i>Clutha</i>	6.2	10.2	165,233

Southland	10.1	12.7	222,128
Gore	7.3	10	165,023
Invercargill #	15.3	19.3	220,651
<b>Total NZ</b>	2.4	4.9	387,299
Auckland Area (A)	1.8	4.7	508,651
Wellington Area (W)	3.4	5.6	436,635
Main Urban Areas #	2	4.6	422,314

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.