

Media release

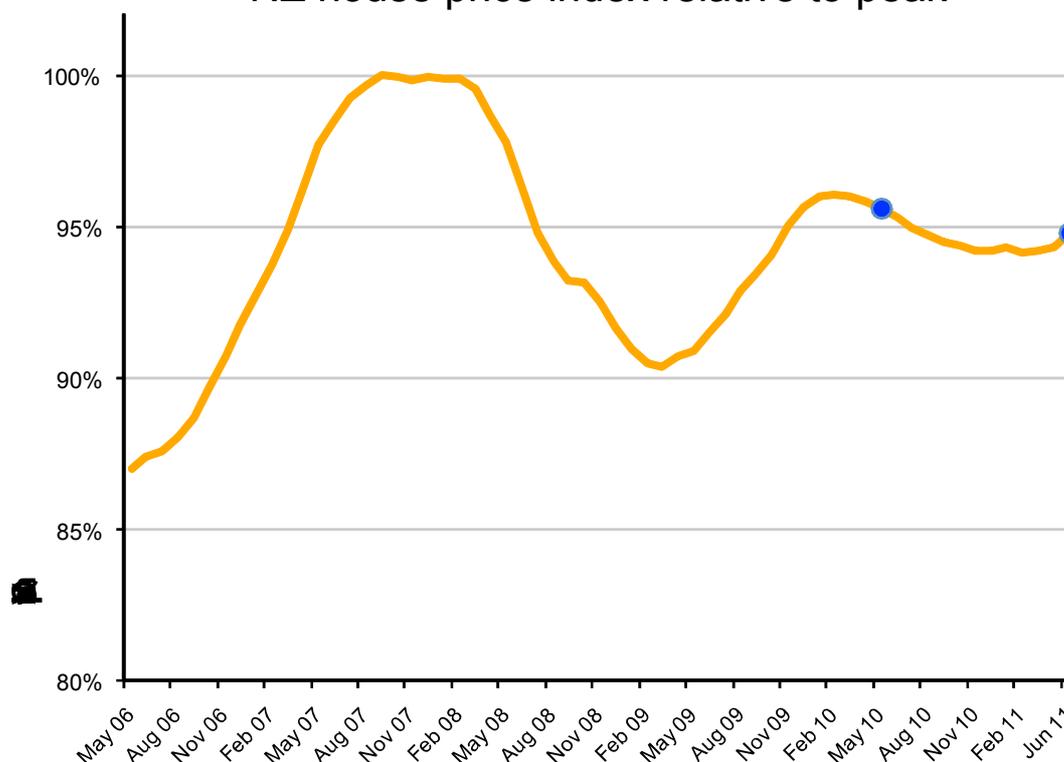
11th July 2011

Nationwide property values edge upwards

The QV residential property index shows that nationwide values increased in June, driven largely by the Auckland market.

“Nationwide property values increased in June after previously remaining relatively stable for several months. The gap in values between June this year and last year has closed to only -0.9 percent, and values are now 5.2 percent below the market peak of late 2007” said QV.co.nz Research Director, Jonno Ingerson.

NZ house price index relative to peak



“Much of the gain in Nationwide values can be attributed to increases in the Auckland area. Apart from a minor hiccup in March values have increased by over two percent in greater Auckland since January” said Ingerson.

“Across the wider Auckland area values are now 1.4 percent above last year and only one percent below the previous market peak of late 2007. There is variability across the Supercity with the Manukau area being more or less stable over the past three months, while North Shore and Waitakere have increased modestly. In what used to be called Auckland City increases since January mean that values are now at their highest level ever, currently sitting 0.7 percent above the previous market peak of late 2007” said Ingerson.

“These gains in Auckland City are due to a range of factors including the lack of quality properties for sale, strong demand for established character locations and good

school zones, and the perception that purchasing in central Auckland is a safe investment” said Ingerson.

“Values in Hamilton and Tauranga have levelled off in recent months, with Hamilton now 3.6 percent down on last year and Tauranga 1.8 percent down” said Ingerson.

Ingerson said “the Wellington area is the only main centre where values have continuing to decline in recent months. Values have dropped over a percent since January, and now sit 3.3 percent below the same time last year. Uncertainty around restructuring in the Public Sector may be causing some home owners to take a more conservative approach to the property market”.

“The low sales volumes and patchy activity across large parts of Christchurch for several months now means that our standard index may not be comparable to the index pre earthquake. As a result we are not publishing an index for Christchurch until we have more certainty around the validity of the results” said Ingerson.

“The recent CERA announcements of red and green zones helps give some certainty to some people in Christchurch, enabling them to evaluate their options and make property decisions. This will likely to lead to a further increase in demand for vacant sections and houses in the undamaged parts of Christchurch and surrounding areas” said Ingerson.

“Properties in undamaged parts of Christchurch tend to be selling for around their pre-earthquake values, with little sign that prices are either significantly up or down” said Ingerson.

“In Dunedin values have been a little variable since the New Year, but have been generally flat. Due to the monthly variability both this year and last year the annual change in values is also varying from month to month, but values are currently 3.5 percent below last year” said Ingerson.

While unrelated to the QV index, and a less reliable measure of value change, the average New Zealand sales price over the last three months is \$412,746 up from the \$404,057 reported last month.

Values in many provincial centres have increased over the last month, leading to a closing of the gap between this year and last year. Whangarei (-4.1), Gisborne (-3.1), New Plymouth (-3.3), Wanganui (-4.0), Palmerston North (-2.8) and Invercargill remain the furthest below last year. In Napier (-2.1) and Hastings (-1.4) values are still a little below last year, while in Rotorua (-0.2), Nelson (-0.2) and Queenstown Lakes (0.1) values remain similar.

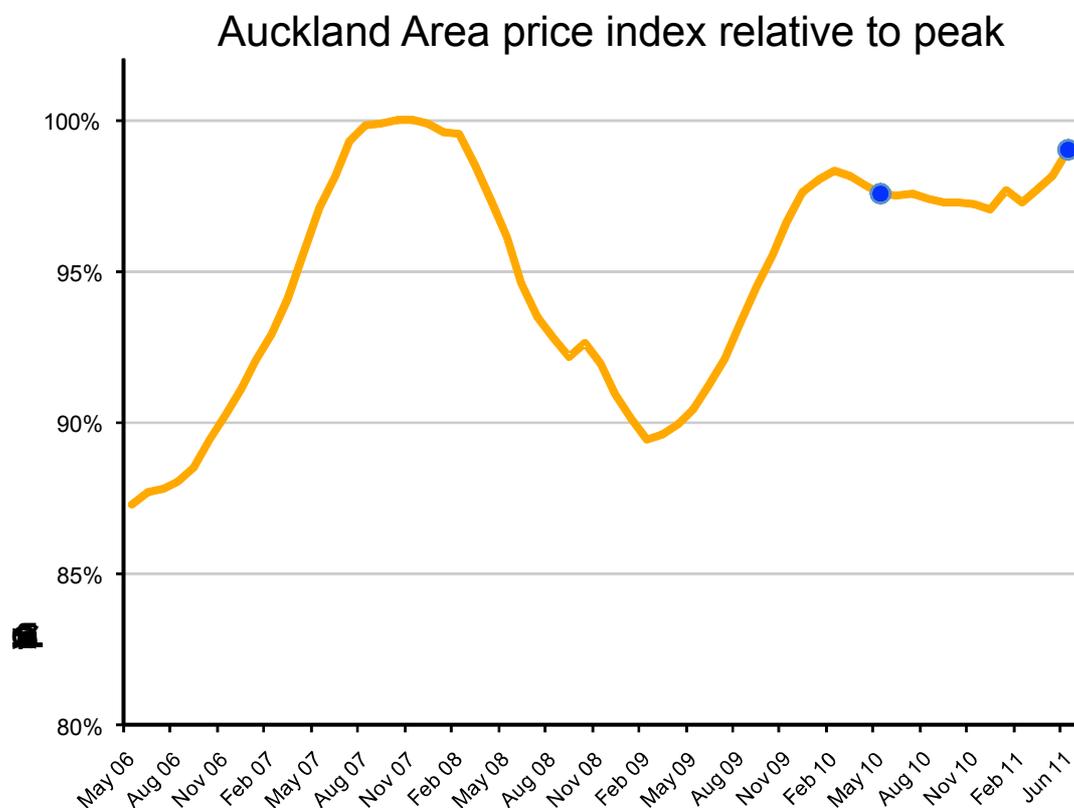
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For further information on property market activity contact:

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Auckland

QV's Residential Price Index for June shows that property values in the Auckland region are 1.4% higher than the same time last year. Values have continued to increase, a trend we have seen over the past couple of months.



Ms Glenda Whitehead of QV Valuation said “the news in Auckland is positive. There were improvements in values for most parts of the region, but the recovery has been slow and not evenly spread.”

Ms Whitehead said “old Auckland City values had the biggest monthly movement, moving past the October 2007 market peak. It is now sitting just under a percentage point above that level. The gains in the Auckland City area are perhaps due to the lack of listings, old character locations, the demand for a good school zone, and the perception it is a safe place to invest”.

Ms Whitehead said North Shore is likely to be the next area to reach previous peak levels followed by Manukau and then Waitakere, but that may be months away yet. There has been very little market movement in these three areas for the last year to 18 months, after a prior period of recovery.”

“On the Shore there are reports of a shortage in listings, especially in the \$450,000 to \$600,000 price range. Anything within that price range tends to fetch a ‘healthy’ price, especially those recently renovated. This excludes monolithic homes which buyers are sceptical of due to weather-tightness issues” Ms Whitehead said.

“Our valuers have noted good interest for properties that present positive returns in the traditional investor suburbs of Manukau, however investors remain cautious.

Values overall remain reasonably stable, with slight increases being achieved on well presented properties. There are no indications that demand levels are increasing” Ms Whitehead said.

“In the south east, demand for properties appears to be exceeding supply. Buyers are being selective so when good quality listings are placed on the market they are generally sold within a short time period (if owner’s expectations are realistic). On the whole value levels appear stable, however some surprisingly good sales prices are being achieved for well presented properties in good locations” Ms Whitehead said.

Ms Whitehead said “within Waitakere, there has been an increase in demand over the past couple of weeks, and now quite a few sold signs are up. Agents report strong demand, but still a shortage of listings in most suburbs. Some properties in Te Atatu Peninsula have received great prices. Titirangi, New Lynn and Greenbay are also performing well. A few more developers are braving the market, and undertaking small site developments now as well. Overall prices have recovered back to a similar level to a year ago.”

Ms Whitehead said “we are now well into winter, so we don’t expect great volumes of either listings or sales in the next month or three. This is the usual trend for this time of year.”

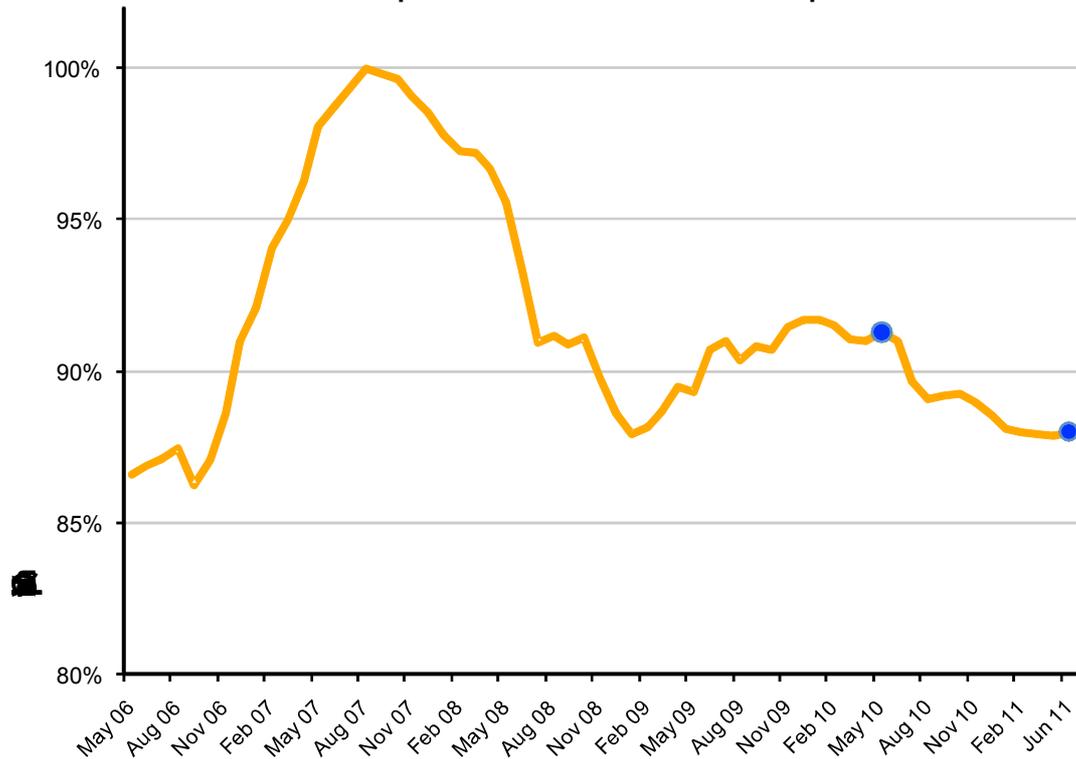
QV’s Residential Price Index is calculated using sales data from the three months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for the Auckland region in June was \$540,580.

Glenda Whitehead is a Registered Valuer working with QV in Auckland. You can contact Glenda on: 021 333 224

Hamilton

QV’s Residential Price Index for June shows that property values in Hamilton are 3.6% lower than the same time last year. In the past few months values appear have continued to steady.

Hamilton price index relative to peak



Mr. Richard Allen of QV Valuations said: “Values in Hamilton City have moved in a very narrow band over the last six months. Strong evidence the residential market in the city has completely levelled off.”

“The property growth for each of the regions within Hamilton City is variable. South West Central, City/North West and North Hamilton decreased. Whereas South East Hamilton increased” Mr. Allen said.

Mr. Allen said “although city values have remained stable there is some anecdotal evidence to suggest that things may be picking up a little.”

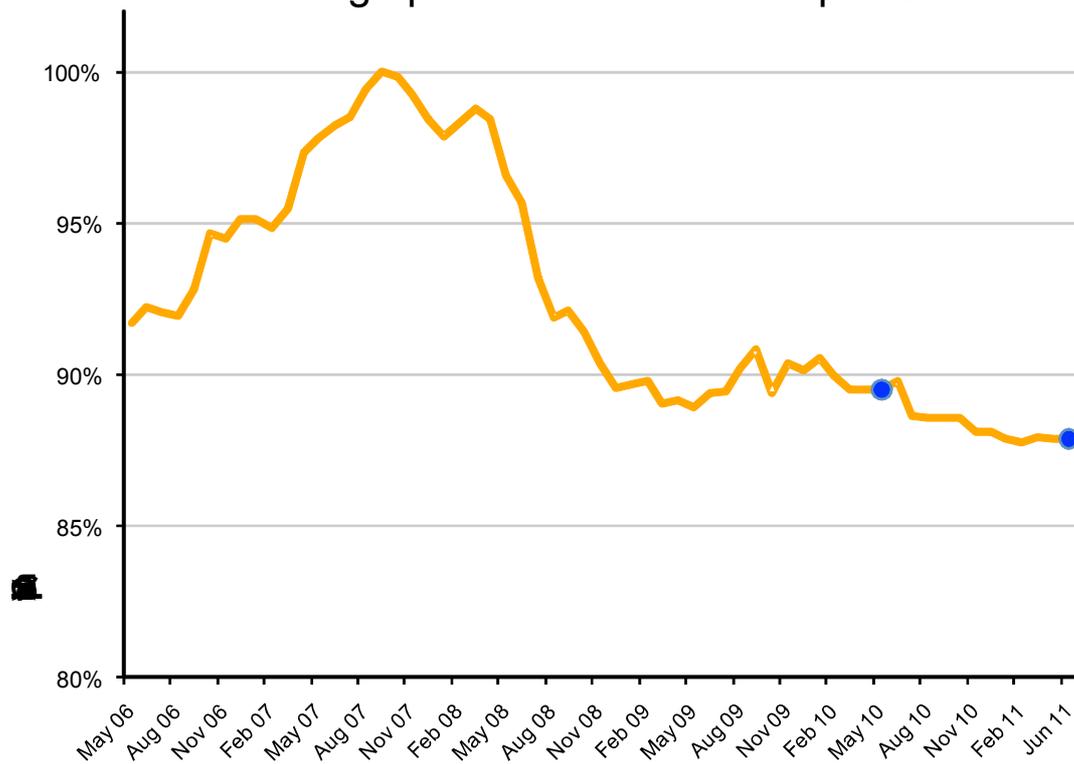
QV’s Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for Hamilton in June was \$339,065.

Richard Allen is a Registered Valuer working with QV in Hamilton. You can contact Richard on: 0272 307 290

Tauranga

QV’s Residential Price Index for June shows that property values in Tauranga are 1.8% lower than the same time last year. The steady trend for values seen in the past few months has continued.

Tauranga price index relative to peak



Mr. Shayne Donovan-Grammer of QV Valuations said; “the Tauranga property market continues to be subdued with a general lack of interest. This, to some degree, is to be expected for this time of year, winter has never been the peak selling season.”

“Section sales are slow and a few of the sales in this category have come through at lower than expected levels. Buyers are getting some good deals, mostly in situations where sellers who need to sell have to compromise more on the price than they initially expected” Mr. Donovan-Grammer said.

Mr. Donovan-Grammer said “overall the market is following a predictable pattern given what has played out over the last two years.”

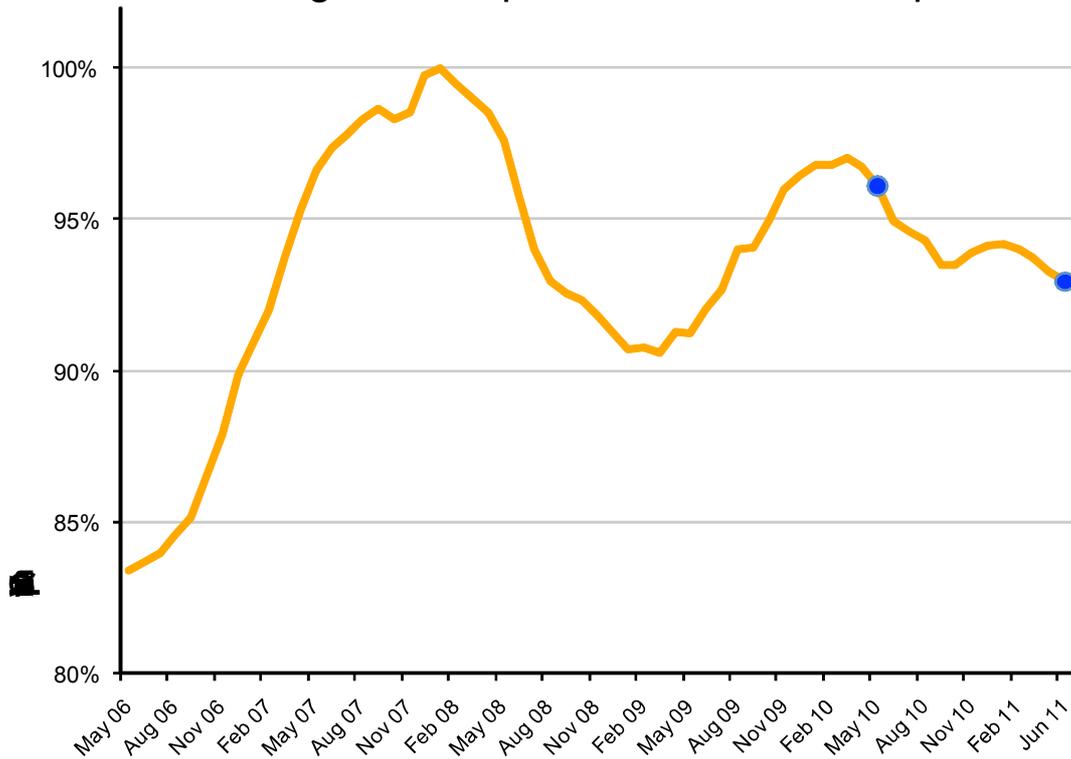
QV’s Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for Tauranga in June was \$415,418.

Shayne Donovan-Grammer is a Registered Valuer working with QV in Tauranga. You can contact Shayne on: 027 230 7321

Wellington

QV’s Residential Price Index for June shows that property values in the Wellington region are 3.3% lower than the same time last year. Values continue to trend downwards.

Wellington Area price index relative to peak



Mr Kerry Buckeridge of QV Valuations said “the Wellington market has continued to be quite subdued overall.”

“Over the last couple of months we have seen low activity levels and values continue to trend downwards. There is a seasonal influence, in winter we typically do see less properties listed and less sales activity” Mr Buckeridge said.

Mr Buckeridge said “the only area of the market that there appears to be some activity is properties in lower priced locations. This is only if they are sensibly priced. Agents are reporting that sellers are being realistic in their price expectations. Few are anticipating receiving premium prices in the current market.”

“At this stage we are not seeing evidence for a substantive continuing decline in values; however, as yet there are no signs of a recovery. With current prices, and historically low interest rates, housing is the most affordable it has been for many years, yet people are not rushing into the market” Mr Buckeridge said.

Mr Buckeridge said “it is possible that uncertainty in the public sector has resulted in a more conservative approach from home owners. Many appear not to be trading up. Meanwhile, some first home buyers are entering the market in locations with more affordable options such as Upper Hutt and Porirua.”

QV’s Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for Wellington in June was \$449,871.

Kerry Buckeridge is a Registered Valuer working with QV in Wellington. You can contact Kerry on: 021 476 287

Christchurch

The significant slowdown in the number of sales, and the delays in the overall sales process in Christchurch following the February 22nd earthquake mean that the QV residential price index cannot yet be used to measure the change in property values.

Mrs. Melanie Swallow of QV Valuations said “the Christchurch market has remained fairly static over the past month.”

“We continue to see the trends of the previous month, with interest in the main Selwyn and Waimakariri townships and Christchurch’s North and Western suburbs. There also remains some interest for relatively undamaged property in more affected areas. Agents report a very small lift in enquiries for undamaged property in the eastern suburbs, which is encouraging” Mrs. Swallow said.

Mrs. Swallow said “the recent CERA announcements identifying red and green zone areas provides some certainty for people. It means they can now evaluate their options and start to make property decisions. As a result, we do expect to see some interim pressure on the undamaged affordable properties and vacant sections. We anticipate this will be a gradual process that will gain momentum over time.”

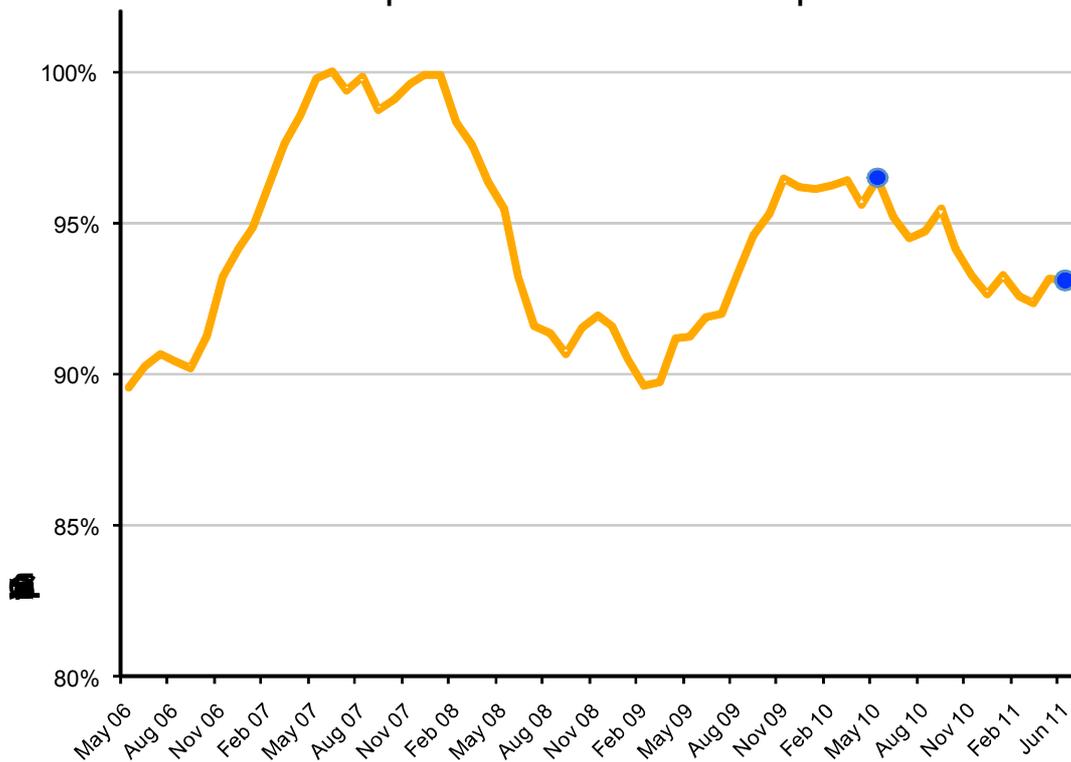
“Overall the big picture and full effect of the earthquake will take time to filter through into quantifiable data. We expect the market to continue in a similar vein to the previous month with a slight increase in activity in the entry level to mid part of the market” Mrs. Swallow said.

Melanie Swallow is a Registered Valuer working with QV in Christchurch. You can contact Melanie on: 021 898 956

Dunedin

QV’s Residential Price Index for June shows that property values in Dunedin are 3.5% lower than the same time last year. Values continue to fluctuate in a narrow band.

Dunedin price index relative to peak



Mr. Tim Gibson of QV Valuations said: “there has been minimal change in values in 2011 after values declined during late 2010. Value levels are now 7% below the market peak in July 2007.”

“A recent example demonstrating this market movement is a property in the Wakari suburb. A tidy weatherboard bungalow was bought in 2008 for \$240,000 and it sold for \$227,000 in June, reflecting a 5.4% decrease in value. Higher valued quality properties have performed slightly better with a smaller degree of change” Mr. Gibson said.

Mr. Gibson said “active parties within the residential market continue to remain cautious in their decision making. This has resulted in longer listing time frames and more conditions on offers made during negotiations.”

“Demand exists for dwellings in sought after localities that are well presented. We have seen this result in shorter selling timeframes and a desired sale price achieved. Properties that lack even one attribute that potential buyers are after have seen a longer selling period and greater discounts applied to achieve an agreed sale price” Mr. Gibson said.

QV’s Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for Dunedin in June was \$276,084.

Tim Gibson is a Registered Valuer working with QV in Dunedin. You can contact Tim on: 0211 51 2887

QV RESIDENTIAL PRICE MOVEMENT REPORT - AS AT JUNE 2011			
City/Region	June 2011 Property Value Growth %	May 2011 Property Value Growth %	June 2011 Average sale price
Far North	-11.4	-12.6	368,219
Whangarei	-4.1	-5.5	318,009
<i>Kaipara*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Rodney	-0.8	-1.1	525,625
- Hibiscus Coast	-2.3	-2.3	496,388
- Rodney (North)	1	0.5	571,268
North Shore (A) #	1	0.3	610,103
- Coastal North Shore	1	0.1	680,864
- North Shore Onewa	1.4	0.5	481,688
- North Harbour	0.6	0.8	669,325
Waitakere (A) #	0.2	-0.9	402,459
Auckland (A) #	2.6	0.9	610,445
- Auckland City (Central)	0	0.5	545,006
- Auckland City (East)	2.6	1	761,457
- Auckland City (South)	4.4	1.7	540,876
- <i>Islands*</i>	-2.3	-5.4	<i>584,864</i>
Manukau (A) #	0.2	0.1	459,396
- Manukau East	-0.2	-0.6	558,580
- Manukau Central	0.3	0.1	351,450
- Manukau North West	1.6	1.7	413,413
Papakura (A) #	-0.8	-1.7	369,843
Franklin	0.5	1	392,867
Thames Coromandel	-4	-4.4	414,767
<i>Hauraki*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Waikato*</i>	<i>1.2</i>	<i>0.9</i>	<i>234,694</i>
Matamata Piako	-3.3	1.1	266,566
Hamilton #	-3.6	-3.5	339,065
- Hamilton North East	-4.2	-4	414,137
- Central City/North West	-2.4	-2.3	321,428
- Hamilton South East	-3.3	-3.5	312,843
- Hamilton South West	-4.9	-4.5	285,252
Waipa	-5.7	-6.9	306,100
<i>Otorohanga*</i>	<i>-4.6</i>	<i>-5.8</i>	<i>228,563</i>
<i>South Waikato*</i>	<i>-5.8</i>	<i>-6.5</i>	<i>144,535</i>
<i>Waitomo*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Taupo	-4.2	-5.8	359,219
Western BOP	0.5	1.4	402,449
Tauranga #	-1.8	-1.8	415,418
Rotorua	-0.2	-1.1	284,184
Whakatane	-1.9	-1.6	363,479
<i>Kawerau*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Opotiki*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Gisborne	-3.1	-5.2	258,143
<i>Wairoa*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

Hastings	-1.4	-1.4	299,124
Napier #	-2.1	-3.3	333,941
<i>Central Hawkes Bay*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
New Plymouth	-3.3	-3.4	309,681
<i>Stratford*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
South Taranaki	-3.8	-1.6	213,885
<i>Ruapehu*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Wanganui	-4	-5	191,157
<i>Rangitikei*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Manawatu	-5.6	-5.1	233,859
Palmerston North #	-2.8	-4.2	264,801
<i>Tararua*</i>	<i>-2.7</i>	<i>-0.5</i>	<i>151,040</i>
Horowhenua	-1.6	-2.2	222,114
Kapiti Coast	-2.7	-3	370,582
Porirua (W) #	-2.8	-3.3	405,076
Upper Hutt (W) #	-3.5	-3.5	333,805
Hutt (W) #	-6	-6.2	387,632
Wellington (W) #	-2.3	-2.5	514,982
- Wellington City & Southern Suburbs	-1.4	-2.5	519,460
- Eastern Suburbs	-3.4	-2	525,950
- North Wellington	-2	-2.6	474,957
- Western Suburbs	-3	-3.8	593,841
Masterton	-4.4	-4.7	222,471
<i>Carterton*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>South Wairarapa*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Tasman	-0.2	-1.3	385,517
Nelson #	-0.2	-0.9	364,337
Marlborough	-5.6	-5.4	328,604
<i>Kaikoura*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Buller*</i>	<i>-0.7</i>	<i>-3.9</i>	<i>184,834</i>
<i>Grey*</i>	<i>N/A</i>	<i>-4</i>	<i>N/A</i>
<i>Westland*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Hurunui*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Waimakariri	2.1	0.7	328,595
Christchurch* #	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- East*	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- Hills*	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- Central City and North*	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- Southwest*	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
- Banks Peninsula*	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Selwyn	1.4	2.1	375,395
Ashburton	1.6	0.2	277,633
Timaru	-2.4	-4.3	245,080
<i>MacKenzie*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
<i>Waimate*</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Waitaki	-1	-3.1	209,212
<i>Central Otago</i>	<i>-5.1</i>	<i>-7</i>	<i>279,193</i>
Queenstown Lakes	0.1	-0.8	585,561
Dunedin #	-3.5	-2.5	276,084
- Central/Northern City	-2.3	-2	282,776
- <i>Peninsular/Coastal Dunedin*</i>	<i>N/A</i>	<i>-1.8</i>	<i>N/A</i>
- Southern City	-5.4	-4.8	245,738

- Taieri	-3.7	-1.9	300,683
<i>Clutha*</i>	-2.4	2.9	158,844
<i>Southland</i>	-0.6	-2.4	197,265
<i>Gore*</i>	1.1	-0.7	194,598
Invercargill #	-3.8	-3.4	212,140
Total NZ	-0.9	-1.6	412,746
Auckland Area (A)	1.4	0.3	540,580
Wellington Area (W)	-3.3	-3.6	449,871
Main Urban Areas #	-0.2	-0.9	459,311
Due to the February earthquake in Christchurch and the disruption to the property market in that area, we will not be publishing an index for Christchurch for several months.			
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 in 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 in 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 in the previous 3 month period.			