

Harcourts MarketWatch

November 2005 Issue

October 2005 brought what many of us would expect of a spring market: an increase in listing numbers along with an increase in the number of sales being written. These two trends along with October 2005 figures being ahead of 2004 figures is a reflection of two important issues:

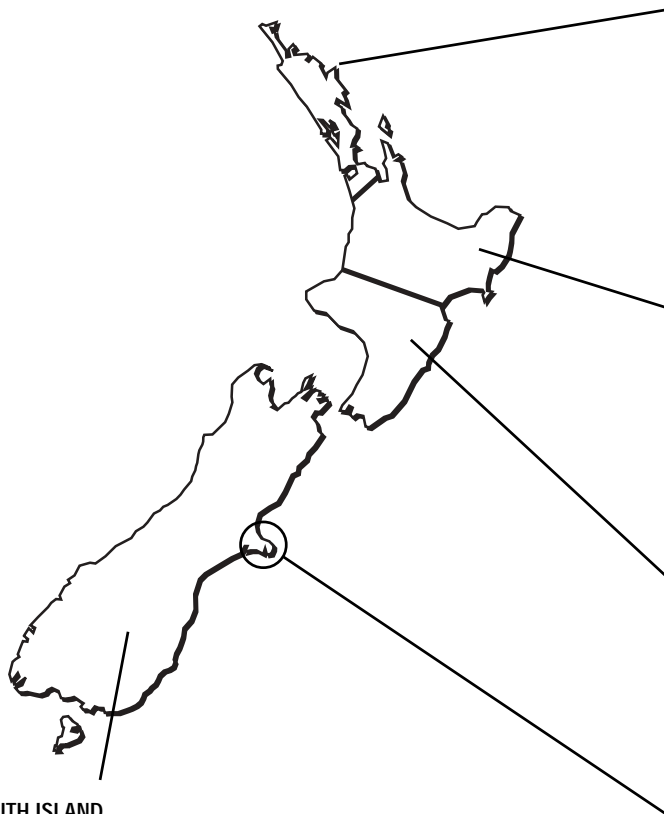
1. The market is positive. While this may not be what our Government and the Reserve Bank want to hear, it's a reality. And given all the factors that make this country so positive, it is no surprise that thinking Kiwis are investing in property both for homes and investments. If governmental decision makers undertook to actually understand what drives our real estate market and people's buying habits, we wouldn't see decisions such as are being made at the moment which for many of us beggar belief!

2. Secondly the figures reflect the growth in the performance of the Harcourts team over the last twelve months. The commitment to success, professional development, skill enhancement and drive to achieve the very best result for all clients sees more and more buyers and sellers selecting Harcourts.

As we move into summer, our advice for sellers is to recognise the increasing competition when it comes to attracting premium buyers to your property, so you must promote and present your property well. Buyers need to ensure they are well prepared such as making prior financial arrangements to have the best chance to secure their dream property.

At the end of the day while enjoying the company of friends and family around the BBQ on the deck or at the beach, it's good to be reminded that property is not all about money, it's about family, community, environment, stability and security. Perhaps more in the Beehive should take note!

Bryan Thomson, CEO
Harcourts New Zealand



NORTHERN	October 2005	October 2004	% Change
Exclusive Listings	738	626	+18%
Auction Listings	133	139	-4%
Property on Hand	1,901	1,879	+1%
Written Sales	650	547	+19%
Average Price	\$417,000	\$402,000	+4%

A strong lift in listing numbers has been more than matched by an equally strong sales month. Demand across the market remains consistent for quality, well located property.

CENTRAL	October 2005	October 2004	% Change
Exclusive Listings	581	401	+45%
Auction Listings	156	98	+59%
Property on Hand	1,786	1,464	+22%
Written Sales	527	498	+6%
Average Price	\$303,000	\$238,000	+27%

Strong listing numbers sees a lift in property on hand. Sales remain similar to last year and prices are strong.

WELLINGTON	October 2005	October 2004	% Change
Exclusive Listings	459	344	+33%
Auction Listings	180	125	+44%
Property on Hand	1,540	1,233	+25%
Written Sales	502	387	+30%
Average Price	\$284,000	\$253,000	+12%

The lower North Island region continues to be our star location this year. Significant lifts in office and sales consultants' performance coupled with a strong market sees increases above October 2004 in all categories measured.

SOUTH ISLAND (EX CHC)	October 2005	October 2004	% Change
Exclusive Listings	299	235	+27%
Auction Listings	63	46	+36%
Property on Hand	1,454	1,116	+30%
Written Sales	288	261	+10%
Average Price	\$262,000	\$235,000	+11%

These locations see significant growth in available listings and also a growth in sales numbers reflecting the stable and in many cases strengthening marketplaces in our rural centres.

CHRISTCHURCH	October 2005	October 2004	% Change
Exclusive Listings	694	648	+7%
Auction Listings	124	91	+36%
Property on Hand	2,117	1,882	+12%
Written Sales	566	577	-2%
Average Price	\$329,000	\$279,000	+18%

A strong listing month and sales on par with last year sees growth in the number of properties on hand. This market's strong price performance is reflected in the growth in average sales price.

Harcourts has been in existence since 1888 and is New Zealand's leading real estate group with over 175 offices. In 1997 Harcourts moved into Australia where it now has over 160 offices throughout Queensland, Sydney, Western Australia, South Australia, and Tasmania. Harcourts also has 10 offices in Indonesia and two in Fiji. Harcourts MarketWatch is compiled by Helen Fergusson, Communications Manager, Harcourts International Ltd, tel 03-348 8784.

Harcourts
SINCE 1888

Better in blue

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Beatings Will Probably Continue – Until Morale Declines

The above is probably the most apt of the comments attributed to the various bank economists who have been moved to comment on the Reserve Bank Governor's outbursts regarding debt fuelled spending and its resultant effect on inflation.

Several potential scenarios for grappling with this problem have been mooted, including restricting borrowing to certain levels of the value of a property, introducing a capital gains tax on investment property, and a possible end to tax effective structures such as LAOCs (Loss Attributing Qualifying Companies).

The markets are already pricing in a further Official Cash Rate (OCR) hike 8 December and fixed rates are moving steadily upwards, on virtually a daily basis, as the bigger banks recover some of the margin losses sustained during the long period of fixed rate pricing battles. The RBNZ's attempts to dampen inflation via the OCR, has had little

real effect, as fixed rate loans still remain the choice of most New Zealand borrowers.

Some of the other areas affecting our current economic climate are:

- a strong labour market with the associated expectation of accelerated wage growth,
- a lack of savings incentives,
- rising compliance costs, and
- additional levies on items such as petrol.

So where does this leave the borrowing consumer? Well very much in "wait and see" mode. The Finance Minister

will be receiving the results of a study into these issues late January 2006 and will have some hard decisions to make. There are some comparatively attractive rates for the longer fixed terms available, but people have found themselves locked into these before when the cycle has moved downwards.

A sensible compromise would seem to be to pick the best out of the medium 1–2 year rate "specials" on offer and be in a position to benefit from a likely rate "rally" in 12-24 months.

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(Mortgage Express is New Zealand's largest non-franchised broker and an NZMBA accredited broker which deals with 14 different lenders.)

Harcourts Rural

It's great to see activity increasing in the rural real estate market with the numerous new listings being presented since spring providing buyers with a level of choice above numbers over recent times. It will be very interesting to see what effect, if any, the number of farm and lifestyle properties currently being marketed has on rural property values.

By the end of August, Harcourts' rural team had managed the sale of more property compared to the same time last year with turnover so far this financial year 7 percent ahead of the same period last financial year.

The pastoral market continues to be reasonably strong with ongoing good sales currently being effected around the country. Similarly the lifestyle property market, especially for well located blocks, continues strongly.

The majority of buyers are from within New Zealand with existing farmers increasing farm size, trading up to larger

units, or in some cases downsizing. There are a number of investor buyers also in the marketplace usually looking for larger economic farms or properties with a recreation aspect especially coastal or waterfront. There is still some overseas enquiry for different types of properties ranging from mid size to larger mainly pastoral sheep, cattle and dairy farms.

The lifestyle buyers currently in the marketplace are a diverse range including a number of "city folk" keen to purchase their piece of rural haven. Many of these buyers are true "lifestyle" purchasers with their main buying

requirement a home and just enough land area for a pony and pet sheep, whilst others are keen to work the land and create a worthwhile income. Thanks to modern communication facilities a number of rural buyers are working from home as well as farming their rural property.

Whatever the market, extensive referral systems, superior technology and a strong and respected brand backing the team will always be key elements in achieving property success. Harcourts' nationwide rural team includes 175 well qualified rural sale consultants operating from 98 offices around New Zealand for a true national service, as well as access to rural experts in Harcourts' offices Australian-wide.

Kim Shannon
National Rural Manager

While every effort has been made to ensure that the information in this publication is accurate we recommend that, before relying on this information, you seek independent specialist advice.

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