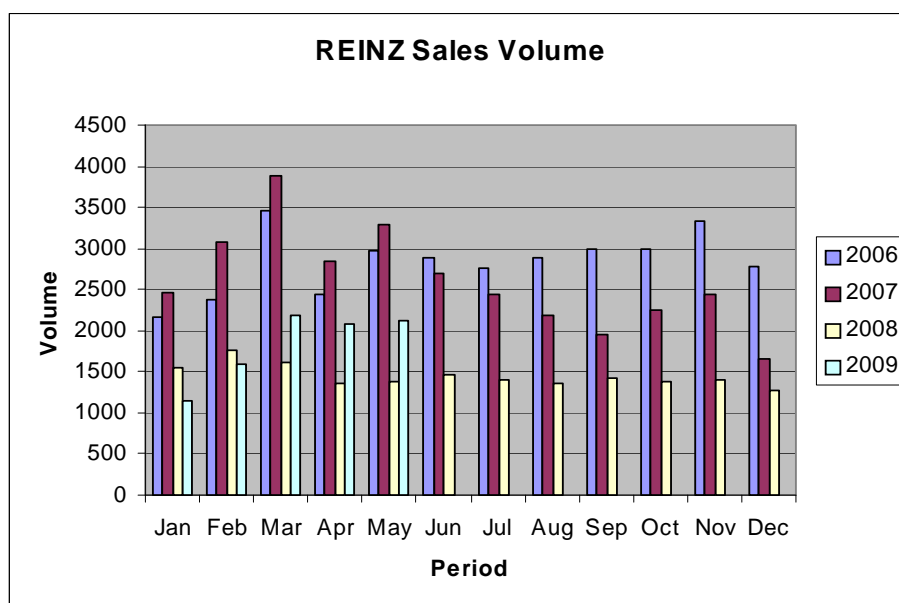


Residential Market Report July 2009

Housing rollercoaster

Looking back at Auckland's housing market over the last three years, one could be excused for thinking they were on a "rollercoaster ride". Such has been the dramatic changes in house prices and volume of market activity. We now know that following a five year long boom market, Auckland's house prices peaked in the winter of 2007. The following years saw a quite marked correction in sales volume and from March 2008 house prices fell significantly. The following graph illustrates the volatility in sales volume.



Interest rate cuts both pre and post Christmas 2008 resulted in increased buyer demand at the beginning of this year which quickly saw correctly priced housing stock sell. New listings have been slow coming to the market, thereby creating the sellers market we are now experiencing, with most agents reporting a shortage in quality listings, insufficient to meet demand. Multiple offer scenarios have now become common place and this has resulted in a recovery in market values throughout many suburbs and housing categories, (although not all have fared so well).

From our analysis of property resales we have concluded that much of the losses of 2008 have now been recovered. Four factors appear to be underpinning demand.

- Historically low interest rates
- Reduced levels of new house construction
- Net migration gains
- Insufficient listings

The latter is of real interest. In our view, home owners are currently reluctant to "trade up". They are risk averse due to the uncertainty in both the Global economy and local employment market. Therefore there is for the time being, a reluctance by many to purchase a better home and take on additional debt. Some home owners are electing to consolidate their position just in case.

While the 2009 recovery has been welcomed by many, some caution is warranted. Interest rates are unlikely to remain at current levels beyond 2010. Employment markets are predicted to worsen before they improve which will impact on buyer confidence and also add to the increasing number of forced sales coming to the market. These factors have potential to bring a rapid change to the current balance of supply and demand.

The use of average house price sales and median sales compared to previous periods is the most commonly quoted statistic when commenting on house price movement, however these can misrepresent the actual situation. **The only true gauge of market movement is the resale of the same or very similar property over a period of time where there has been no physical change affecting value.** For this reason Sheldons periodically analyse property resales in order to accurately assess market movement in various localities. The following examples of reportedly bona fide resales of property are itemised for your information. To the best of our knowledge there was little physical change to these properties between transactions.

Address	Suburb	Previous Purchase		Resale	
North Shore					
84 Seaview Road	Glenfield	9/08	\$298,000	8/09	\$354,200
11 Emlyn Place	Torbay	8/08	\$612,000	6/09	\$595,000
13 Vincent Road	Northcote Point	6/08	\$1,337,500	5/10	\$1,419,000
19/22 Northcross Drive	Northcross	4/08	\$380,000	3/09	\$350,000
23 Salisbury Road	Birkdale	4/08	\$391,000	5/09	\$375,000
48 Beach Road	Castor Bay	4/08	\$1,300,000	5/09	\$1,400,000
11 Cabello Place	Meadowood	4/08	\$412,000	5/09	\$413,000
B/35 Edgeworth Road	Glenfield	2/08	\$390,000	6/09	\$380,000
34 Clemows Close	Albany	2/08	\$665,000	3/09	\$610,000
39 Athena Drive	Totaravale	1/08	\$408,000	6/09	\$425,000
24B Stredwick Drive	Torbay	12/07	\$375,000	7/09	\$340,000
9 Homewood Place	Chatswood	12/07	\$685,000	6/09	\$640,000
18B Sunnynook Road	Sunnynook	12/07	\$445,000	3/09	\$436,500
120 Lake Road	Belmont	11/07	\$499,000	4/09	\$465,000
16 Rifleman Rise	Unsworth Heights	11/07	\$570,600	10/09	\$615,000
5A Glenvale Place	Glenfield	11/07	\$422,000	2/09	\$375,000
28 Waipa Street	Birkenhead	11/07	\$410,000	5/09	\$379,000
16 Langana Avenue	Browns Bay	10/07	\$870,000	4/09	\$765,000
33 Athena Drive	Totara Vale	10/07	\$575,000	8/09	\$575,000
3 Jomard Terrace	Northcross	8/07	\$827,500	6/10	\$680,000
14 Helicon Place	Sunnynook	8/07	\$401,000	7/09	\$410,000
122 Onetaunga Road	Chatswood	7/07	\$860,000	7/09	\$794,000
76 Parr Terrace	Milford	7/07	\$788,000	5/09	\$725,000
50 Raleigh Road	Northcote	6/07	\$647,000	4/09	\$556,000
16 Corunna Road	Milford	5/07	\$435,000	6/09	\$455,000
4/84 Pupuke Road	Hillcrest	4/07	\$454,000	6/09	\$450,000
42 Monte Cassino Place	Birkdale	4/07	\$620,000	5/09	\$587,500
16 Campbell Road	Takapuna	4/07	\$1,070,000	3/09	\$905,000
79B Rangatira Road	Birkenhead	4/07	\$528,000	5/09	\$480,000
36 Oakway Drive	Schnapper Rock	4/07	\$775,000	4/09	\$700,000
4A Havelock Avenue	Forrest Hill	3/07	\$439,000	6/09	\$425,000
2/12 Drome View Place	Beachhaven	2/07	\$367,500	5/09	\$352,000
108 Kitchener Road	Milford	2/07	\$2,290,000	4/09	\$1,945,000
11/48A Exmouth Road	Northcote	1/07	\$470,000	10/09	\$450,000
1 Winscombe Street	Belmont	1/07	\$875,000	6/09	\$833,000

25 Calypso Way	The Palms	1/07	\$593,000	6/09	\$623,500
77 Caribbean Drive	Albany	12/06	\$480,000	2/09	\$438,000
Address	Suburb	Previous Purchase		Resale	
59 Waipua Place	Greenhithe	12/06	\$600,000	6/09	\$595,000
9 Halder Place	Northcross	12/06	\$515,000	2/09	\$455,000
17 Belle Vue Avenue	Northcote	11/06	\$595,000	8/09	\$600,000
9 Churchouse Road	Greenhithe	11/06	\$1,200,000	4/09	\$1,140,000
14A William Street	Takapuna	10/06	\$1,505,000	3/09	\$1,400,000
18 Fitzpatrick Place	Chatswood	9/06	\$528,000	7/09	\$560,000
J/60 Birkdale Road	Birkdale	4/06	\$376,000	11/09	\$396,000
14 Holdaway Avenue	Northcote	9/09	\$728,000	7/09	\$715,000
6 Lyons Avenue	Murrays Bay	9/06	\$670,000	6/09	\$620,000
10 Blundell Place	Chatswood	9/06	\$569,000	6/09	\$607,500
2/22 Tui Glen Road	Birkenhead	9/06	\$405,000	6/09	\$440,000
1/41 Radiata Lane	Chatswood	9/06	\$450,000	4/09	\$470,000
45 Te Wharau Drive	Greenhithe	9/06	\$600,000	6/09	\$680,000
44 Queen Street	Northcote	9/06	\$1,500,000	4/09	\$1,200,000
14 Waitemata Road	Hauraki	8/06	\$620,000	5/09	\$625,000
14 The Knoll	Greenhithe	8/06	\$1,100,000	5/09	\$1,058,000
5 Thomas Hunter Lane	Greenhithe	8/06	\$1,290,000	9/09	\$1,225,000
174A Glenvar Road	Torbay	8/06	\$530,000	6/09	\$498,000
2A Castor Bay Road	Castor Bay	7/06	\$1,005,000	3/09	\$920,000
26 Bronzewing Terrace	Unsworth Heights	7/06	\$440,000	7/09	\$459,000
1 Lauderdale Road	Birkdale	7/06	\$507,000	3/09	\$470,000
62B Roland Road	Greenhithe	6/06	\$1,160,000	6/09	\$1,150,000
33A Churchill Road	Murrays Bay	6/06	\$2,100,000	2/09	\$1,700,000
8 Shoal Bay Road	Devonport	5/06	\$870,000	5/09	\$865,000
28 Bronzewing Terrace	Unsworth Heights	4/06	\$480,000	6/09	\$566,000
3 Rewiti Avenue	Takapuna	4/06	\$1,050,000	5/09	\$1,065,000
61 Penguin Drive	Murrays Bay	4/06	\$930,000	1/09	\$869,000
76 Gladstone Road	Northcote	4/06	\$575,000	5/09	\$595,000
22 Hebe Place	Birkenhead	3/06	\$801,000	7/09	\$780,000
38 Tilden Avenue	Hillcrest	3/06	\$431,000	2/09	\$458,000
2/563 East Coast Road	Browns Bay	2/06	\$292,000	2/09	\$255,000
29B Wicklam Lane	Albany	2/06	\$800,000	3/09	\$760,000
11 Rosalind Road	Glenfield	2/06	\$382,000	4/09	\$420,000
46 County Road	Torbay	1/06	\$495,000	2/09	\$490,000
14 Caversham Drive	Torbay	12/05	\$559,000	6/09	\$565,000
45C Coronation Road	Hillcrest	12/05	\$368,000	2/09	\$374,000
9 Morton Avenue	Forrest Hill	9/05	\$495,000	7/09	\$480,000
75 Saffron Street	Birkdale	8/05	\$368,500	3/09	\$395,000
226A Birkdale Road	Birkdale	7/05	\$331,000	6/09	\$355,000
8 Cheryl Place	Hillcrest	2/05	\$439,250	2/09	\$491,000
Hibiscus Coast					
23 Crampton Court	Orewa	12/08	\$553,000	5/09	\$550,000
3 Glenelg Road	Red Beach	10/08	\$410,000	6/09	\$418,000
20C Tower Hill	Manly	7/08	\$330,000	5/09	\$340,000
5/54 Lakeside Drive	Orewa	2/08	\$445,000	3/09	\$360,000
26 Millennial Way	Orewa	8/07	\$480,000	2/09	\$476,000
75B Ladies Mile	Manly	1/07	\$465,000	6/09	\$390,000
20 Brightside Road	Stanmore Bay	8/06	\$325,000	7/09	\$309,000
34 Blue Heron Rise	Stanmore Bay	6/06	\$740,000	5/09	\$712,500

Central					
103 Warnock Street	Westmere	6/08	\$720,000	6/09	\$767,000
30 Epsom Avenue	Epsom	3/08	\$2,050,000	4/09	\$2,080,000
55 Landscape Road	Mt Eden	2/08	\$612,500	5/09	\$601,000
1 Sherbourne Road	Mt Eden	11/07	\$1,200,000	7/09	\$1,000,000
75 Huia Road	Pt Chevalier	11/07	\$676,000	6/09	\$639,000
52 Woodward Road	Mt Albert	9/07	\$610,000	7/09	\$600,000
276 Pt Chevalier Road	Pt Chevalier	9/07	\$617,000	5/09	\$599,500
71 Grampian Road	Kohimarama	8/07	\$1,025,000	5/09	\$960,000
22 Walford Road	Pt Chevalier	7/07	\$765,500	5/09	\$702,000
Address	Suburb	Previous Purchase		Resale	
89 Paice Avenue	Sandringham	6/07	\$791,000	5/09	\$740,000
25A St Michaels Ave	Pt Chevalier	5/07	\$810,000	6/09	\$740,000
12A Hampton Drive	Kohimarama	5/07	\$1,110,000	5/09	\$965,000
33 Warnock Street	Westmere	3/07	\$840,000	3/09	\$812,000
21A Carrick Place	Mt Eden	3/07	\$500,000	7/09	\$452,000
1/3 Paget Street	Freemans Bay	3/07	\$330,500	5/09	\$365,000
3 Wairiki Road	Mt Eden	10/06	\$841,000	4/09	\$805,000
18 Parry Street	Sandringham	8/06	\$600,000	9/09	\$520,000
20 Waiatarua Road	Remuera	8/06	\$920,000	5/09	\$930,000
43A Willcott Street	Mt Albert	5/06	\$412,000	6/09	\$427,500
13 Bonnie Brae Road	Meadowbank	4/06	\$600,000	5/09	\$620,000
3 Zaralto Lane	Mt Roskill	11/05	\$370,000	4/09	\$374,000
7 Peary Road	Mt Eden	6/05	\$595,000	5/09	\$620,000
CBD	Building Name				
Unit B, 189 Hobson St	Stanford	4/09	\$120,000	6/09	\$150,000
Unit 13J 42 Kingston St	Altitude	3/09	\$138,000	6/09	\$165,500
1Q/160 Symonds St	Madison	11/08	\$320,000	6/09	\$360,000
612/76 Wakefield St	Sapphire	6/08	\$100,000	4/09	\$110,000
Unit 2C, 113 Vincent St	Winsun Heights	2/08	\$134,800	6/09	\$140,000
311/1 Parliament St	The Statesman	2/07	\$167,000	4/09	\$179,000
2203/8 Albert St	Quay West	6/06	\$355,000	3/09	\$398,000
1403/1 Courthouse Ln	Metroplis	6/06	\$560,000	5/09	\$560,000
GB/82 Wakefield St	Metro	5/06	\$96,000	1/09	\$106,500
205/1 Parliament St	The Statesman	5/06	\$245,500	4/09	\$272,888
West Auckland					
166/172 McLeod Road	Te Atatu Peninsula	6/08	\$315,000	5/09	\$325,000
6 Hereford Street	Te Atatu Peninsula	7/07	\$432,500	5/09	\$409,000
29 Captain Scott Road	Glen Eden	6/07	\$340,000	6/09	\$293,000
1/10 Neil Avenue	Te Atatu Peninsula	8/07	\$375,000	9/09	\$366,500
120 Wharf Road	Te Atatu Peninsula	7/06	310,000	9/09	\$347,100

Sheldons is one of Auckland's largest independent valuation practices, with specialists in all greater Auckland suburbs. Director Gary Brunsdon advises that in his view values for typical average quality homes are now reflecting levels similar to those that were applicable in late 2006, not far short of the market peak. "Home affordability (house prices and mortgage cost relative to income) has improved significantly" says Gary "and listings remain in short supply, underpinning prices and encouraging stronger buyer competition".

Sheldon & Partners Ltd

Disclaimer: The above information has been compiled from a range of sources and while we have endeavoured to cross check the authenticity of the information supplied, this has not always been possible. The opinions expressed are for general information only and are not intended to provide specific advice or recommendations for any individual.

Sheldons is one of Auckland's largest independent valuation practices, with specialists in all greater Auckland residential suburbs as well as lifestyle, commercial and industrial property

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