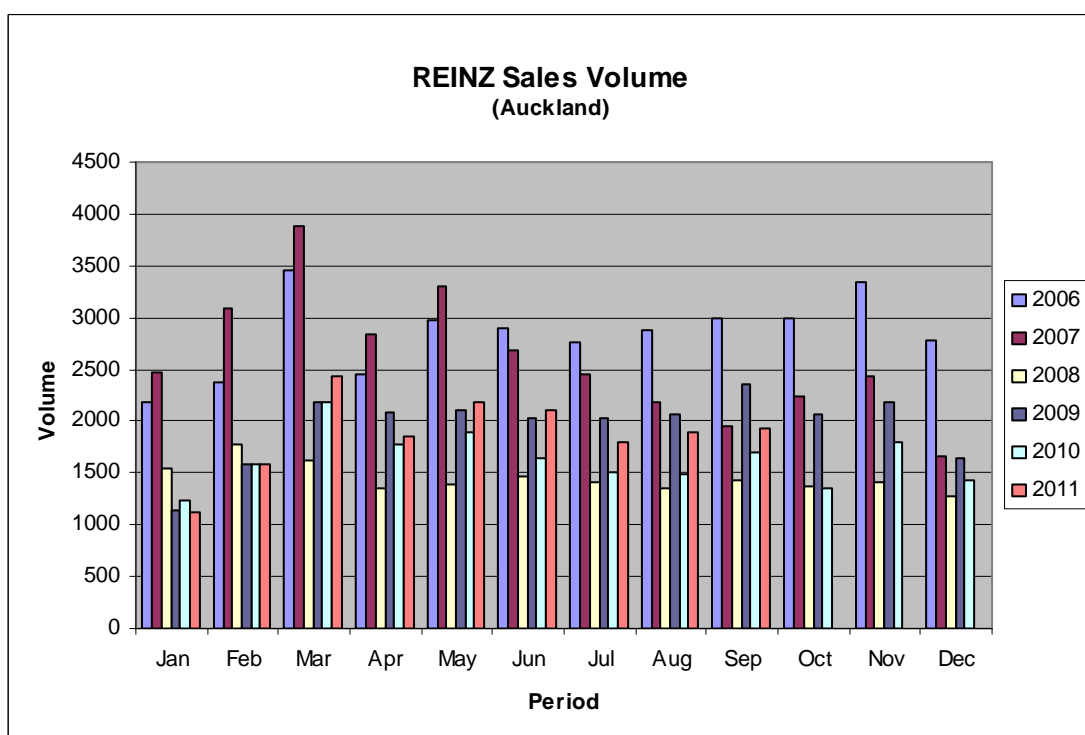


Residential Market Report September Quarter 2011



Over the past six months, Auckland's residential property market has experienced renewed activity after a relatively subdued Spring and Summer period. Sales volumes are higher than the previous year albeit still relatively light as is illustrated in the graph below. Most agents have reported good levels of interest throughout winter with the "handbrake" on activity being the shortage of quality listings as home owners continue to consolidate their position, retiring debt and adopting a comparatively cautious approach to indebtedness. First home buyers are now firmly in the market place as interest rates remain affordable, rentals rise and Banks begin to relax higher ratio lending criteria.



The paucity of listings over recent months has helped underpin market values however a number of factors appear set to determine the future course of the housing market for the balance of 2011. These factors include:

- The distraction of the Rugby World Cup has had some impact on what is traditionally a very active period through October; now that this is over there are increasing signs of a pending surge in listings prior to Christmas which may satisfy the strong demand experienced over recent months.
- On the back of comparatively low mortgage interest rates, home affordability continues to be near its best levels in nearly seven years. Banks are now prepared to lend over 80% and offer some incentives to new business as they look to again grow their loan book. Nonetheless, relative to household income house prices remain relatively expensive with the average house price having peaked at 5.7 times the average household income in 2007 but is now back at approx 4.5 times, still well above the longer term average of 3.3 times.

- Annual migration figures show New Zealand had a net permanent migration gain of 2300 for the year to August 2011, this is down from 14,500 in the August 2010 year and the lowest annual net gain since the October 2001 year. (Ex Statistics New Zealand). The reported difference between the August 2011 and 2010 years was mainly due to more departures to Australia in the 2011 year. Following six months of negligible net migration change, August numbers rebounded significantly.
- Building consents for new homes are substantially down on previous years with the increase in GST further exacerbating the differential between the cost of new and value of existing housing. Additions and alterations are far more prevalent as home owners elect to consolidate their position rather than take on significant additional debt to purchase higher value property.

As always well presented, appropriately priced stock continues to be readily saleable, a trend expected to continue throughout the balance of the year. The Reserve Bank has signalled no immediate desire to return interest rates to more "normal" levels until market volatility subsides and there is a return to a sustainable trend to growth with the earliest increase not now expected before Christmas. At this point activity appears to be most concentrated at the more affordable end of the housing market, the upper price bracket remaining quite soft with buyers remaining discerning and no doubt more affected by the continued slowness of the economic recovery.

Resales Analysis

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	% Change
North Shore				
7 Clifton Road	Browns Bay	Nov-08	\$1,190,000	Oct-11 \$1,062,000 -10.8
1 Thomas Hunter Lane	Greenhithe	Sep-08	\$1,410,000	Oct-11 \$1,400,000 -0.7
C/61 The Avenue	Albany	Feb-08	\$485,000	May-11 \$485,000 +0.0
		Oct-08	\$450,000	
8 unit development of near identical homes				Feb-11 \$473,000 +5.1
				May-11 \$475,000 +5.6
				Jul-11 \$470,000 +4.4
8 Mays Road	Devonport	Jul-07	\$1,375,000	Apr-11 \$1,300,000 -5.5
6 Merton Avenue	Glenfield	Jul-07	\$381,000	Apr-11 \$379,000 -0.5
32 Treeview Avenue	Glenfield	Jul-07	\$369,000	Oct-11 \$385,000 +4.3
26A Barlow Place	Birkenhead	Sep-07	\$680,000	Aug-11 \$678,000 -0.3
53 Weatherly Road	Torbay	Jul-07	\$515,000	Feb-11 \$530,000 +2.9
1/16 James Street	Bayview	Jun-07	\$425,000	May-11 \$403,000 -5.2
8 Lorikeet Place	Unsworth Heights	Jun-07	\$665,000	Feb-11 \$625,000 -6.0
49 William Gamble Dr	Greenhithe	Jun-07	\$580,000	May-11 \$582,500 +0.4
20 Makepiece Place	Birkenhead	Apr-07	\$675,000	Aug-11 \$700,000 +3.7
43B Lingfield Street	Glenfield	Feb-07	\$398,000	Oct-11 \$445,000 +11.8
17A Balmain Road	Birkenhead	Feb-07	\$885,000	May-11 \$835,000 -5.6
37 Ellice Road	Totaravale	Feb-07	\$372,000	May-11 \$372,000 +0.0
79F Rangatira Road	Beachhaven	Jan-07	\$627,000	Jul-11 \$665,000 +6.1
10 Clifton Road	Takapuna	Dec-06	\$1,240,000	Jan-11 \$950,000 -23.4
20 Greenvalley Rise	Glenfield	Dec-06	\$495,000	Feb-11 \$480,000 -3.0
13 Bridge View Road	Birkenhead	Nov-06	\$2,700,000	Mar-11 \$2,975,000 +10.2
160 Carlisle Road	Browns Bay	Apr-06	\$418,000	Sep-11 \$435,000 +4.1

Address	Suburb	Previous Purchase	Resale	% Change
Hibiscus Coast				
13 Rimu Road	Stanmore Bay	Jun-08	\$363,000	Sep-11 \$385,000 +6.1
23C Riverside Road	Orewa	Mar-08	\$629,000	Sep-11 \$580,000 -7.8
22 Onepu Lane	Manly	Feb-08	\$462,000	Jul-11 \$448,000 -3.0
9 Maygrove Drive	Orewa	Feb-08	\$430,000	Aug-11 \$425,000 -1.2
90 Tiri Road	Manly	Jan-08	\$735,000	Jul-11 \$765,000 +4.1
4 Rakino Avenue	Manly	Jul-07	\$390,000	Aug-11 \$390,000 +0.0
61 Motutapu Avenue	Manly	Jul-07	\$495,000	Sep-11 \$520,000 +5.1
9A Cedar Terrace	Stanmore Bay	Jul-07	\$360,000	Jul-11 \$355,000 -1.4
21 Fairway Avenue	Red Beach	Nov-06	\$510,000	Jul-11 \$480,000 -5.9
202 Alec Craig Way	Gulf Harbour	Oct-06	\$510,000	Jul-11 \$486,200 -4.7
Auckland				
73 Ellerton Road	Mt Eden	Nov-10	\$1,165,000	Oct-11 \$1,250,000 +7.3
54 Marlborough Street	Mt Eden	Sep-09	\$1,120,000	Apr-11 \$1,217,000 +8.7
15B Sprott Road	Kohimarama	Nov-08	\$900,000	Dec-11 \$970,000 +7.8
28 Hukanui Crescent	Herne Bay	Apr-08	\$1,810,000	Aug-11 \$2,225,000 +22.9
1/49 Tarawera Terrace	Kohimarama	Nov-07	\$385,000	May-11 \$395,000 +2.6
15A Laud Avenue	Ellerslie	Nov-07	\$590,000	Jul-11 \$593,000 +0.5
3 Esplanade Road	Mt Eden	Aug-07	\$1,050,000	May-11 \$1,000,000 -4.8
36 Columbia Road	Sandringham	Jul-07	\$460,000	Mar-11 \$462,000 +0.4
44 Riddell Road	St Heliers	Jul-07	\$458,000	Sep-11 \$457,000 -0.2
112A Coates Avenue	Orakei	Jul-07	\$660,000	Jun-11 \$685,000 +3.8
20 Cardwell Street	Onehunga	Jun-07	\$481,000	Jun-11 \$505,000 +5.0
263 Kohimarama Road	Kohimarama	May-07	\$565,000	Apr-11 \$560,000 -0.9
88 Orakei Road	Remuera	Jan-07	\$1,178,000	Sep-11 \$1,250,000 +6.1
9 Mahoe Avenue	Remuera	Nov-06	\$1,178,000	Sep-11 \$1,207,000 +2.5
89 Walmer Road	Pt Chevalier	Nov-06	\$529,000	May-11 \$600,000 +13.4
5/1 Thatcher Street	Mission Bay	Aug-06	\$250,000	Mar-11 \$275,000 +10.0
West Auckland				
264 Konini Road	Titirangi	Apr-08	\$479,000	Jun-11 \$480,000 +0.2
1 Gala Place	Henderson	Mar-08	\$452,000	Jun-11 \$429,000 -5.1
3 Pittville Place	Henderson	Jan-08	\$458,000	Aug-11 \$454,000 -0.9
65B Matipo Road	Te Atatu Peninsula	May-07	\$400,000	Sep-11 \$451,000 +12.8
12 Koromiko Street	New Lynn	Feb-07	\$335,000	Mar-11 \$325,000 -3.0
18 Tainui Road	Titirangi	Jan-07	\$550,000	Jun-11 \$625,000 +13.6
10 Graven Court	Henderson	Dec-06	\$467,000	Sep-11 \$485,500 +4.0
36 Beach Road	Te Atatu Peninsula	Nov-06	\$385,000	Apr-11 \$429,000 +11.4
South Auckland				
434 Weymouth Road	Weymouth	Dec-09	\$232,000	Mar-11 \$236,000 +1.7
9 Gleaveagh Park Drive	Manurewa	May-09	\$330,000	Dec-10 \$320,000 -3.0
32 Randwick Place	Randwick Park	Dec-08	\$360,000	Aug-11 \$370,000 +2.8
47A Great South Road	Papatoetoe	Aug-08	\$368,000	Aug-11 \$395,000 +7.3
60A Kenderdine Road	Papatoetoe	Apr-08	\$397,000	Jul-11 \$395,200 -0.5
18 Manchester Drive	Flat Bush	Apr-08	\$520,000	Dec-10 \$510,000 -1.9
44 Cyclamen Road	Mangere	Feb-08	\$400,000	Dec-10 \$380,000 -5.0
3/117 Carruth Road	Papatoetoe	Jul-07	\$262,500	Jul-11 \$208,000 -20.8
4A Viola Avenue	Mangere	Mar-07	\$265,000	May-11 \$245,000 -7.5
14 Lipscombe Avenue	Papatoetoe	Feb-07	\$317,500	Jun-11 \$305,500 -3.8
49 Kaiwaka Road	Waiuku	Feb-07	\$305,000	Sep-11 \$290,000 -4.9
11 Bejoy Rise	Dannemora	Nov-06	\$460,000	Nov-10 \$500,000 +8.6
20 Domain Road	Weymouth	Oct-06	\$329,000	Jun-11 \$270,000 -17.9
13A Margan Avenue	Papatoetoe	Sep-06	\$520,000	Jun-11 \$445,500 -14.3
14 Lipscombe Avenue	Papatoetoe	May-06	\$293,000	Jun-11 \$305,000 +4.1

As can be seen by the variation in "% Change" on the previous table, there has been no consistent pattern with house price movement from the peak period of circa 2007 to the current day. There have been some significant downward corrections in higher priced property, with however some equally impressive gains. Lower priced property or that sought after by first home buyers has typically seen smaller market movements both positive and negative. Obviously there are outliers and sometimes this will simply be a factor of supply and demand at any one time.

Sheldon & Partners Limited

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.

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