

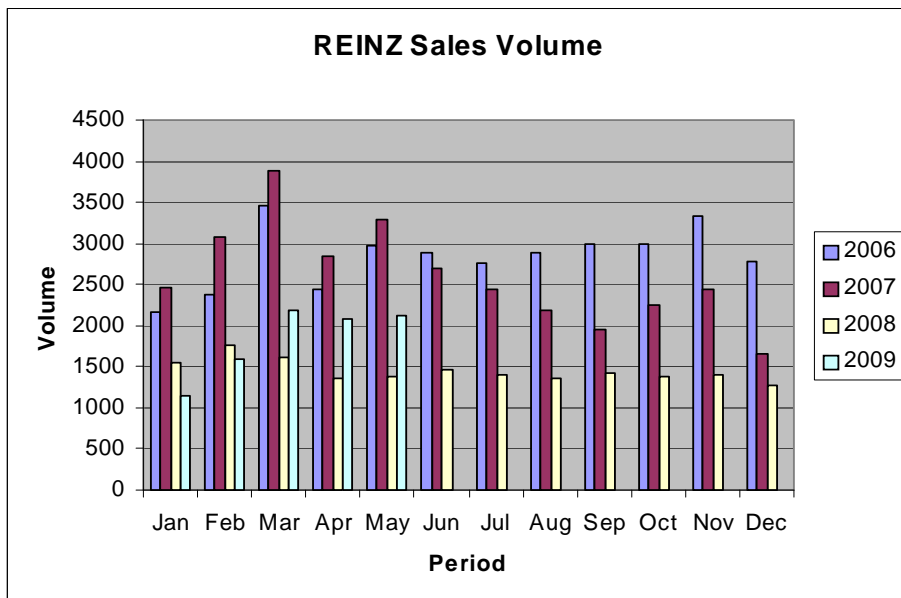
Residential Market Report September Quarter 2010



Hibiscus Coast

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 appeared to be underpin the 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	
		Date	Price	Date	Price
32 Castaway Place	Gulf Harbour	9/09	\$440,000	1/10	\$465,000
21 Commodore Court	Gulf Harbour	4/09	\$460,000	2/10	\$495,000
518 Whangaparaoa Rd	Stanmore Bay	12/08	\$260,000	1/10	\$258,000
24 Keepers Drive	Gulf Harbour	9/08	\$490,000	2/10	\$505,000
68 The Circle	Manly	8/08	\$442,000	2/10	\$475,000
214 Wade River Road	Arkles Bay	8/08	\$355,000	1/10	\$389,000
28 Coral Sea Way	Arkles Bay	8/08	\$497,000	12/09	\$517,750
81 Rosario Crescent	Red Beach	7/08	\$475,000	3/10	\$455,000
9 Spinnaker Point	Manly	5/08	\$620,000	11/09	\$625,000
44 Swann Beach Road	Stanmore Bay	12/07	\$645,000	1/10	\$630,000
22A Puriri Avenue	Orewa	10/07	\$495,000	3/10	\$475,000
3 Coral Sea Way	Arkles Bay	10/07	\$455,000	2/10	\$438,000
14 Penton Road	Stanmore Bay	10/07	\$333,000	1/10	\$295,000
43 Pacific Parade	Army Bay	9/07	\$325,000	12/09	\$378,000
1/421 Hibiscus Coast Hwy	Orewa	6/07	\$360,000	12/09	\$390,000
10 Wiriana Place	Stanmore Bay	4/07	\$418,000	3/10	\$395,000
24 Matija Place	Red Beach	1/07	\$533,000	12/09	\$540,000
34 Doment Crescent	Orewa	1/07	\$483,000	2/10	\$462,000
122A Stanmore Bay Rd	Stanmore Bay	12/06	\$515,000	1/10	\$510,000
31 Motutapu Avenue	Manly	10/06	\$505,000	2/10	\$486,000
2 Sun Valley	Hatfields Beach	10/06	\$490,000	1/10	\$530,000
89 Wade River Road	Arkles Bay	5/06	\$417,000	1/10	\$420,000

Rating Valuations

Rodney District Council have advised that these are not to be under taken as at 1 September 2010. The revised programme is quoted below.

"The next revaluation **WAS** due as at 1 September 2010. But the third Auckland reorganisation bill has a clause which means this wont happen - instead the whole of the new Auckland Council will be revalued as at **1 July 2011**. These values will be used for rating purposes in the year commencing **1 July 2012**".

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Angus specialises in the Rodney District, where his experience in the residential and rural lifestyle property markets are beneficial to property owners, investors and developers.

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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