

MarketView Auckland Residential

Hot Topics

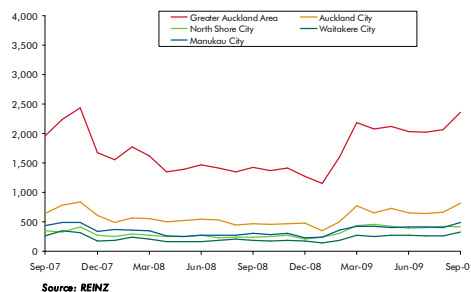
- Spring boosts market activity
- Sale volumes climb
- Median dwelling prices up
- Sell times down
- New listings up
- Building consent numbers slowly recovering
- Long term mortgage interest rates continue to rise
- Net migration at a 5 year high

Market Trends

Spring has given the Auckland residential market a noticeable lift in September characterised by increased sale volumes, rising house prices, and falling days to sell.

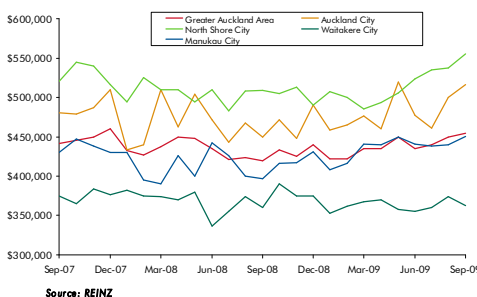
The total volume of sales climbed to 2,355 in September following several months of relatively static sales activity, representing an increase of 65% compared with 1,425 sales during the same month last year. Sale volumes were also up 14% over August's total of 2,067. These figures point to increased buyer demand and confidence in the market.

Number of Sales



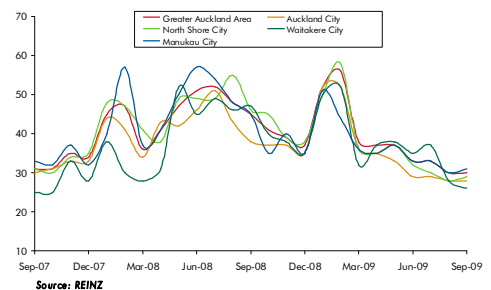
The median dwelling price in Auckland grew by 1.1% to reach \$455,000 in September, an increase of \$5,000 from August's total of \$450,000. House prices grew by 3.3% in both North Shore and Auckland City, and were up 2.5% in Manukau City, while prices fell by 3.1% in Waitakere City. However, compared to the same month last year house prices have increased across the board to levels comparable to 2007.

Median House Price



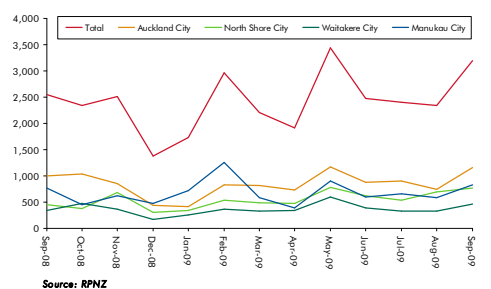
The number of days to sell a house in Auckland remained unchanged from the previous month at 30 days. This result is an improvement from the same month last year when it took an average of 45 days to sell a home, indicating that buyer demand has increased.

Number of Days to Sell

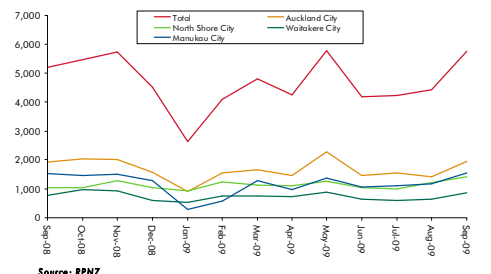


Spring and appreciating home values has seen more sellers enter the market with a noticeable increase in the number of new listings and total properties on the market. RPNZ figures show that the number of new listings rose by 36%, while the total number of properties on the market increased by 30% from a month ago.

Number of New Listings



Number of Properties on the Market

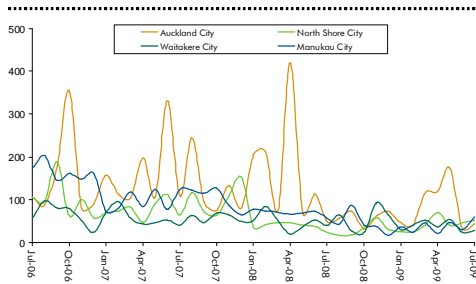


Auckland Residential Property Market Summary – September 2009

September 2009	Median dwelling sale price	Change %		Number of sales	Change %		Median days to sell	Change %		Building consents Jul-09	Change %	
		1 month	1 year		1 month	1 year		1 month	1 year		1 month	1 year
Greater Auckland / Total	\$455,000	1.1%	8.3%	2,355	13.9%	65.3%	30	0.0%	-33.3%	185	39.1%	-33.5%
Auckland City	\$516,500	3.3%	14.8%	813	22.8%	73.3%	28	0.0%	-26.3%	44	33.3%	-61.4%
North Shore City	\$555,000	3.3%	9.1%	407	-4.5%	65.4%	29	3.6%	-37.0%	53	15.2%	39.5%
Waitakere City	\$362,500	-3.1%	0.7%	330	27.9%	79.3%	26	-7.1%	-44.7%	28	16.7%	-47.2%
Manukau City	\$450,500	2.5%	13.5%	483	19.0%	62.1%	31	3.3%	-31.1%	60	100.0%	-17.8%

Source: REINZ, Statistics New Zealand

Number of Building Consents

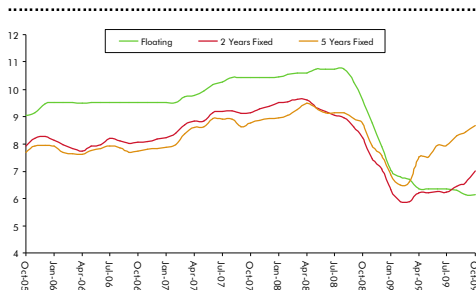


Source: Statistics NZ

Building consent numbers improve but still flat

Overall Auckland residential building consent numbers (including apartments) increased by 8% in July 2009 compared to the same month last year, and were up a further 39% from a month ago. The biggest rise was in Manukau City, with the total number of consents doubling from a month ago. Building consent numbers in Auckland City rose by 33%, while Waitakere City and North Shore City numbers were also up by 17% and 15% respectively over the same period. Despite the improvement, consent numbers are still historically low compared to 2006 and 2007 levels.

Mortgage Interest Rates



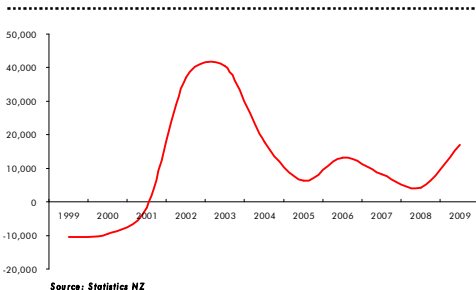
Source: RBNZ, CBRE

Fixed long term mortgage interest rates rising

The OCR remained unchanged at 2.5% in the recent Reserve Bank October 29th review, Dr Bollard stated that the OCR rate will likely remain on hold until towards the end of next year: "In contrast to current market pricing, we see no urgency to begin withdrawing monetary policy stimulus, and we expect to keep the OCR at the current level until the second half of 2010". However, some market commentators believe that the Reserve Bank may be pressured to increase the OCR in early 2010 as the New Zealand economy continues to improve on the back of low interest rates, a recovering housing market, and increased government spending.

The mortgage interest rates graph shows that banks are continuing to increase their longer term mortgage interest rates while floating rates remain low. indications are that banks will likely continue to increase their longer term fixed mortgage interest rates as wholesale swap rates continue to rise.

Net Migration



Source: Statistics NZ

Net Migration at a 5 year high

New Zealand's annual net migration is at its highest rate of growth since 2004, with less New Zealand residents heading overseas, particularly to Australia. According to Statistics New Zealand's International Travel and Migration Statistics for September 2009, permanent and long-term arrivals rose 1% to 87,200 in the year ending September with a net gain of 17,000, the highest level since 2004. Fewer New Zealanders are heading overseas due to the impact of the global financial crisis with fewer job opportunities particularly in Europe. Several economists are predicting net migration numbers to hover around 20,000 by early 2010, which will provide further stimulus to the economy and housing market.

Market Overview & Outlook

The Auckland housing market is experiencing a boost in activity as 'spring madness' hits the market.

Sale volumes and house prices are edging upward as buyer confidence and demand continues to rise, fuelled by low interest rates, appreciating home values and favourable spring weather.

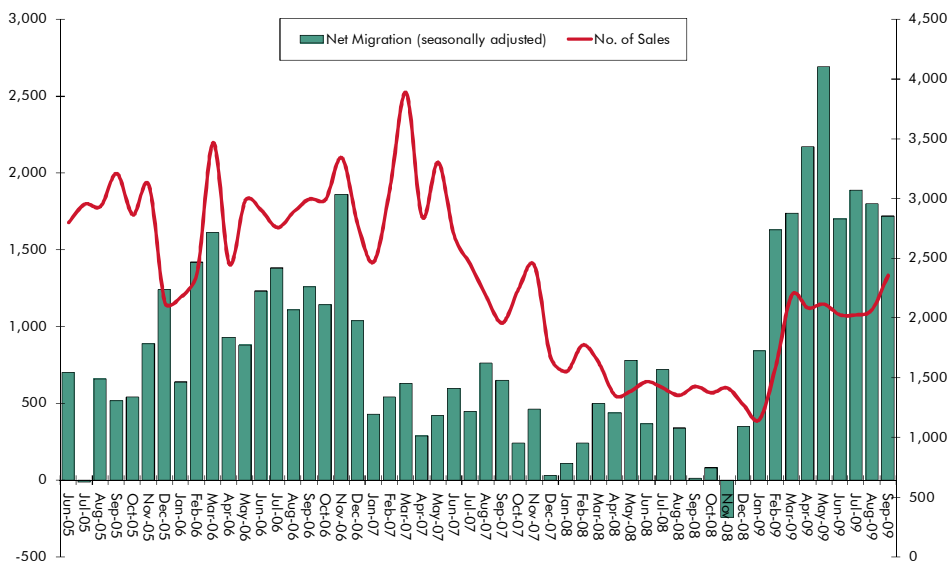
A shortage of listed properties for sale, which has been a cause of concern in the market in recent months, has improved significantly with a noticeable increase in the number of new listings and total properties on the market for sale as seller confidence picks up, underpinned by appreciating house values and the low interest rate environment.

Building consent numbers, although at historically low levels, are showing initial stages of recovery with consent numbers up from last year.

Migration numbers continue to rise at levels not seen since 2004. Numbers are forecast to continue growing into 2010, which will have a positive impact on the housing market and overall economy with an increase in the demand for housing and goods and services.

Combined, these indicators point to a optimistic outlook for the Auckland residential housing market for the remainder of 2009.

Change in Net Migration / Auckland Dwelling Sales



Source: Statistics NZ

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