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• Look at building consents – Christchurch catastrophe flow-on effects

Sales numbers show promise

Auckland hots up as **Winter** approaches.

There has been a more positive performance in the Auckland residential property market over the first three months of 2011. This is a welcome change from the sluggish sale numbers at the end of 2010.

A steeply rising trend in sales numbers (exceeding even what we'd expect in traditionally busy March) has followed a quiet January, where sales numbers were at a record low. The sale of 2,437 properties represents the busiest month for Auckland since July 2007.

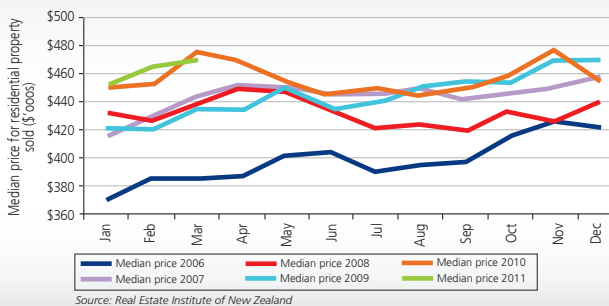
The median price of \$470,000 is encouragingly close to last year's March figure of \$475,000. This confirms that these additional sales have been made at reasonable pricing levels; reduced pricing not being the driver for the increase.

Nationwide

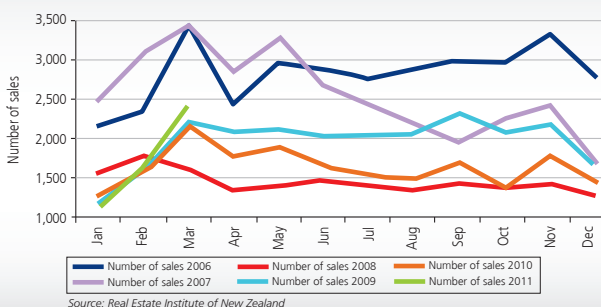
Auckland is not alone – nationwide, sales prices are also on the move. \$340,000 average price in January 2011, up again to \$350,000 in February and reaching \$365,000 in March.

This record nationwide median price (on a single month basis) is no doubt buoyed by the numbers of sales in the higher priced Auckland region, which makes up about a third of the overall property market.

Auckland residential property sales median prices



Auckland residential property sales numbers

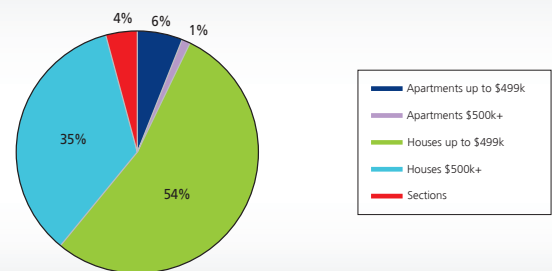


What mix of different property types make up the overall sales numbers in this more buoyant market? The charts below compare the first 3 months of 2011 to the same period in 2009 and 2010.

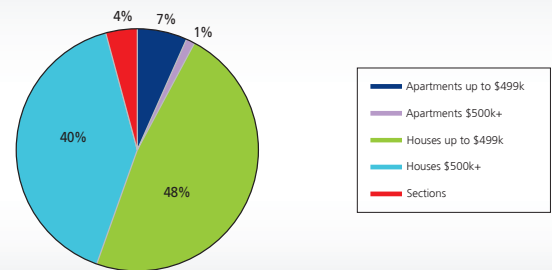
Over the past three years, for the first quarter the proportion of section, rather than developed property sales, has remained constant at around 4% of all sales.

At the same time, there has been a slow increase in the proportion of apartment sales (from 7% in the first quarter of 2009 up to 9% this year.) This is mainly accounted for by apartment sales at the lower end of the property price range (below \$500k).

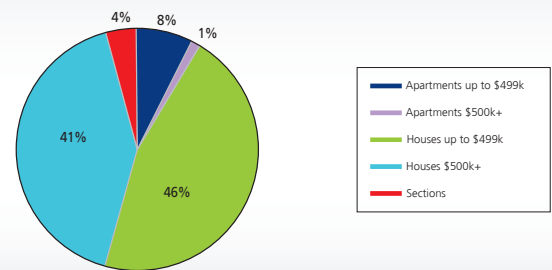
2009



2010



2011



ABSOLUTE SUCCESS

An absolute sell-out with **87%** sold under the hammer
Be a part of our next event August 2011 - an absolute must!



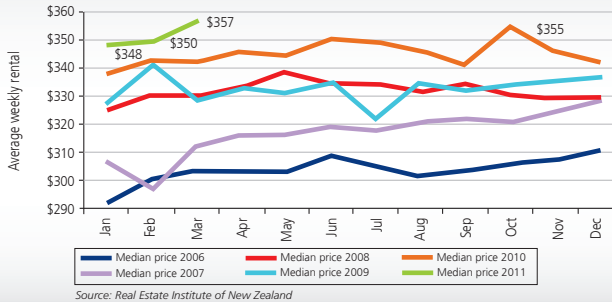
Fierce competition among Auckland renters

Recent **media** coverage has highlighted the **difficulties** experienced by tenants searching for **suitable rental** properties in the Auckland region.

This pressure is now showing clearly in increased rental levels in both the two- and three-bedroom markets in the region, across the first three months of this year.

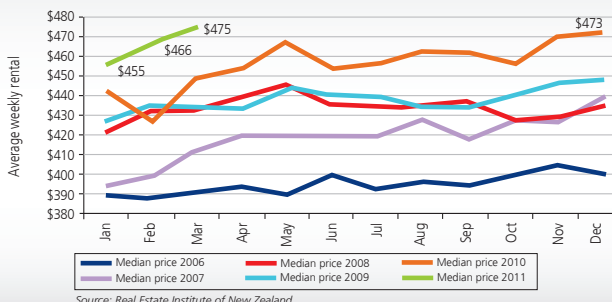
After a particularly quiet January, three-bedroom rental levels appear to have taken off at the start of the school term in February. The two-bedroom market experienced its own sharp rise in March. At \$357 and \$475 per week, respectively, both two- and three-bedroom average rental levels are now slightly above the previous highs reported late last year.

Auckland residential property weekly rentals - 2 bedroom



Source: Real Estate Institute of New Zealand

Auckland residential property weekly rentals - 3 bedroom



Source: Real Estate Institute of New Zealand

Nationwide market fails to spark

A comparison of nationwide rental figures shows that the Auckland situation has not been repeated elsewhere. Rental figures have remained relatively stable over the past few months.

The Auckland market is once again outpacing average New Zealand rentals. Three-bedroom rental levels in March were 36% higher in Auckland (at \$475 pw) than the nationwide average of just \$350 per week.

Margins in the two-bedroom market are not as marked. The Auckland figure for March was 19% higher (\$357 pw) than the average nationwide rental level of \$300 per week.

Building consents reflect recent catastrophe

The **pressure** on the rental market is no doubt **made worse** by lower-than-usual numbers of new **dwellings** being built this year.

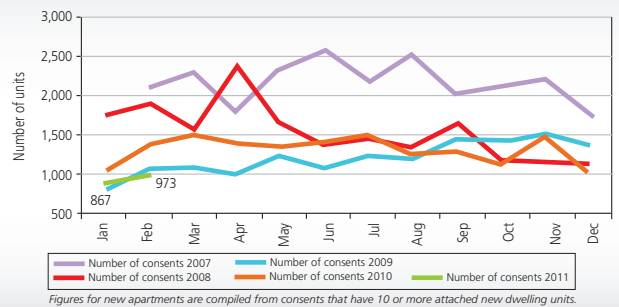
February data published by Statistics NZ (for the whole country) shows just 973 new dwelling units were approved, including apartments.

Well below the January to March levels of 2010, these figures reflect a very sharp decline at the end of last year. The catastrophe in Christchurch has undoubtedly contributed strongly to these lower construction levels.

As ever, Auckland marches to its own drum. Data for the past 13 months, published for the Auckland Supercity, shows that consent levels in January and February rose to represent 30% of all dwelling permits nationwide, compared with the figure of around 24% throughout 2010.

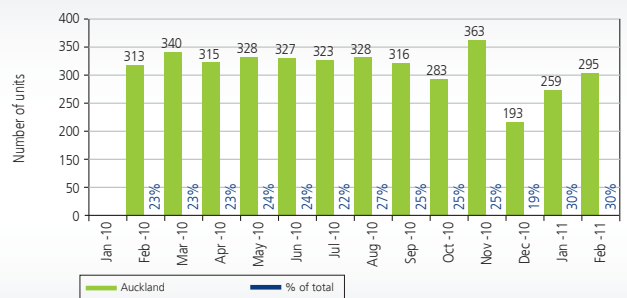
This suggests that Auckland developers are responding to the region's shortage of housing stock. They may be trying to get building under way before the Christchurch rebuild increases South Island demand for construction resources.

Building consents for new dwelling units (incl. apartments)



Figures for new apartments are compiled from consents that have 10 or more attached new dwelling units.

Number of new dwellings authorised in Auckland



Source: Statistics NZ http://www.stats.govt.nz/browse_for_stats/industry_sectors/construction/buildingconsentissued_hotfeb11.aspx

See Crockers Strato Sphere for a monthly update on the Unit Titles Act crockers.co.nz/market_research