

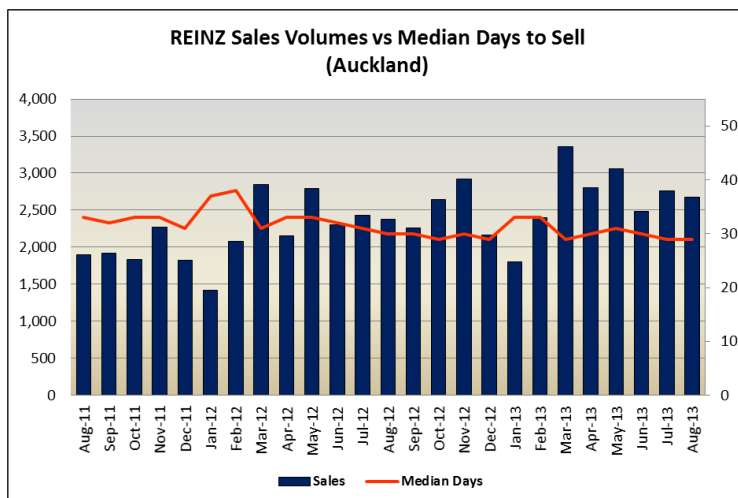
ERSKINE+OWEN

Your NZ Property Market Update

3rd Quarter Property Market Commentary Auckland Market Still 'Hot'

Auckland's residential property market continues to be buoyant and remains the strongest housing market in the country. Demand is strong from both home buyers and investors, however this is met by a shortage of listings, resulting in a lot of demand being left unmet.

Key housing indicators continue to improve. August 2013 sales volumes have increased 12.6% across the Auckland region, up on volumes during the same period last year. This reflects Auckland's significantly tighter demand-supply balance to the rest of the country. The trend of median days to sell a property in this current market remains stable at 29. This is a considerable improvement on Auckland's 10 year average for August of 33 days.



The trends in sales volumes are showing a 'slow down' in volume growth over the last few months. However the trend in median days to sell has shown improvement. Overall, the trends still reflect that the housing supply level in the Auckland market is gaining little traction in responding to the demand pressures.

THINKING OF SELLING?

We have clients ready to buy RIGHT NOW so talk to us!

E+O SERVICES

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[Buying Strategy](#)
[Property Acquisition](#)
[Property Management](#)
[Mortgages](#)

E+O NZ PROPERTY UPDATES

With Director, Alan Henderson

[Vancouver](#) 26 Sept
[New York](#) 30 Sept
[Toronto](#) 1 Oct
[Auckland](#) 7 Oct

JOIN OUR COMMUNITY

NEW Property Buyers Group

A place where property buyers can come to learn, share and discuss their property buying (not selling) challenges.

CONTACT US

We've moved!
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ERSKINE + OWEN

We are one of New Zealand's first dedicated property buyers agents, licensed under the REAA 2008.

3rd Quarter Market Commentary continued...

Other factors influencing the housing market include:

- The Reserve Bank made little change to its interest rate forecasts in its September monetary policy statement and expects the OCR to remain unchanged at 2.5% for the remainder of this year. Interest rates have risen globally in recent months and we are now seeing rises in retail fixed rates from most banks. House price inflation still persists in Auckland. Restrictions on high loan-to-value residential mortgage lending come in to effect in October, which for some buyers will mean a higher deposit, and the RBNZ expects this to help slow the national housing market.
- Auckland home loan affordability is at its worst since March 2010. House price inflation is high and growing at a much faster rate than incomes. First home buyers are scrambling to get low deposit loans ahead of the anticipated clampdown by banks come October 1. According to the Roost Home loan affordability index it currently takes at least 85% of a single median after tax income to afford a 1st quartile priced house in Auckland.
- Net migration is starting to produce more consistent gains. New Zealand's annual gain in the July 2013 year was 10,600 migrants, the highest gain since the November 2010 year. Auckland receives a large % of the country's net migration. Australia has been at the top of the list for departing kiwis seeking better wages, however this is now slowing due to a more favourable economic outlook for New Zealand, particularly as the pending construction boom looks set to boost activity.
- The volume of residential building activity for New Zealand, surprisingly fell in the 2nd quarter to June. This fall follows a strong 11% increase in the March quarter. Building work put in place lags substantially behind building consents lodged. However, on the upside, consents themselves have increased, which indicates that there is a large volume of building work in the pipeline for the next few years.
- Housing price expectations remain high according to the ASB NZ Housing Confidence Survey for the July 2013 quarter. 56% of the respondents expect house prices to rise over the next 12 months, a marginal drop from the previous quarter. In Auckland the low levels of listings and strong buyer competition is being met with an increasing number of respondents who believe it is no longer a good time to buy. Interest rate expectations have nudged higher with more respondents expecting interest rates to increase in the next 12 months, with most respondents believing the OCR will lift from early 2014.



ERSKINE+OWEN

Your New Zealand Property Market Update

Coming up: NZ Property Market Update

with Director Alan Henderson

USA/ Canada

| | |
|------------------|--------------|
| <u>Vancouver</u> | 26 September |
| <u>New York</u> | 30 September |
| <u>Toronto</u> | 1 October |

The media is full of reports that the property market in NZ has and continues to heat up significantly. If you are a property owner or intending to become one, this presentation will help you make better decisions to protect and generate your property wealth.

- ✓ NZ property market insights empowering you to make the right choices.
- ✓ Supply and demand issues and the potential pricing impact.
- ✓ Signs to watch out for that prelude a sustained price lift.
- ✓ The impact of Auckland's housing challenge on the property market.
- ✓ After the quake – what is in store for Christchurch, and is the rebuild impacting property prices?
- ✓ What we can expect in the other main cities.
- ✓ A simple process for deciding lucrative places to invest for capital growth.
- ✓ Our top pick capital growth areas, types of properties & more.
- ✓ Alan's own property investment story.

PLUS: The Impact of Auckland's new Unitary Plan

Auckland needs 400,000 new homes over the next 30 years. Will the proposed plan solve this problem? Check out more details in the article [Auckland Supply and the Unitary Plan](#) in our May newsletter.

About the presenter



Over the last 10 years of advising property buyers Alan has partnered with many clients to help them build high-performing property portfolios, through strategic planning, asset structuring, feasibility of development projects and portfolio performance review. He does this by drawing on his own personal experience of successful property investment for the past 13 years.

For further background on Alan see www.erskineowen.co.nz



E+O Recent Property Purchases

Client gets the 9.2% yielding property they want

We recently had a brief from a client to source a property with a value up to \$1.5m and a 9%+ yield. Jan 2013 our client went unconditional on the following:

- Purchase price \$1.450m.
- Rent \$136k per annum.
- Yield 9.38%.
- Lease: 4 months in to a 4 year lease with 2 x 4 year right of renewals.
- Strong tenant – 3rd generation business.
- Property type – clear span warehouse with office space. No earthquake concerns.



Follow up from our client 6 months later...

“The property is running well – the first annual reports and GST return were completed last month and it is running at a profit. The tenant has been excellent so we are very happy with it so far.”

Some West Auckland suburbs still a ‘hot spot’ for strong capital growth

There are still areas that have a solid capital growth record in West Auckland, and this was what our client was looking for when we found this property. Ready to rent straight away this property was a full site, in a sought after area . There are still little gems like this if you know where to look!



Purchase price: \$600k, Sheldon's registered valuation: \$630k

\$30k of equity on purchase

675 s/m of land, 100 s/m dwelling

Rent: \$490 p/w

Maximise your return on investment

Renovation Project Management

Is this you?

In this day and age who has got the time to manage the renovation of a rental property? It's involved – decide what to do, prepare a budget, probably reduce the scope after the budget! Coordinate trades people, get them to turn up, get them to do their job properly, get them to finish, get them to fix the little things they missed, decide what to do when they discover unforeseen issues. Have you really got time and can you be bothered?

BEFORE



AFTER



[Click here for more of our work](#)

At Erskine + Owen we are regularly planning and executing renovations for our clients. We know how much to do to maximise rental return, and we know how to get it done well and quickly at good prices so that you can get the property re-tenanted as quickly as possible – without the time wasting and stress.

This is what our renovation service includes:

- Inspection of the property
- Compilation of renovation strategy
- Compilation of budget based on quotes where possible from tradespeople we know and trust
- Selection of colours for paint and carpet for your approval
- Selection of any window and door hardware for your approval
- Project management of renovation
- Ensure property is tenant ready once tradespeople have finished – e.g. ensuring all rubbish is removed, arrange a final clean
- We pay all the tradespeople so you only have to pay us