

The PROPERTY REPORT

Time to Invest?

Positive Migration Growth is predicted to be as much as 20,000 for this year – that's more than the population of Wainuiomata! This means up to 5,000 more homes will be required in New Zealand to satisfy the demand from immigrants on top of existing domestic needs.

Another significant group of purchasers are also in the market. We have surveyed a large portion of our database of 3,500 property investors, and asked them, "When do you plan on buying your next rental property?" A staggering 48% have said they plan to do so before the end of the year. The reasons given include favourable interest rates, lower property prices, and a feeling that prices have stopped falling - with some even saying they feel they have missed the bargains.

With the total number of properties currently on the market running at just over half of the number available a year ago, these investors will have to be very deliberate about their plans if they are serious about achieving them. Our assessment of "cheapest buys" currently for sale in Lower Hutt, showed most of these are in Wainuiomata, and investors are picking through the best of these. First home buyers are showing a very real desire to own their own home but many are turned down on finance due to tighter lending criteria. According to Jason Hurdle, an independent mortgage broker from Oxygen Finance, many of these people can get finance and often, their success (or otherwise), is just a matter of how they structure the loan application and mortgage security.

According to the Infometrics prediction published in February this year, it will take until early 2011 before house prices reach the level they peaked at in 2007. We were slightly sceptical of this view when it was published – January 2009 was the worst month of sales since



records kept by REINZ started in 1989, and it looked like the slump of 2008 was about to be repeated all over again. Six months into this year and it's a whole different feeling. Anecdotal evidence shows a rise in property prices, adding credibility to Infometrics predictions, which are now also supported by all the other economist reports we have seen.

The price increase is driven primarily by a shortage of homes for sale in almost all sectors of the market. Buyers are trying to take advantage of lower interest rates and desire to change homes before other buyers realise that prices are improving.

We estimate that most of the shortage of supply is due often to home owners waiting for confidence to return to the economy. Shifting homes means increasing the mortgage where many home owners are trying to reduce debt – not increase it. Even though the increase is smaller now than it will be when prices increase, some stay put for reasons such as job security, and others are waiting until they see everyone else feeling more confident. It takes time for markets to adjust; the first to move are those with experience in creating wealth through property.



John Ross
Professionals, Hutt City Limited

Hutt Valley Rental Statistics

Rental Returns for May 2009

	BEDROOMS	MEDIAN RENT	RENT RANGE LOWEST - HIGHEST	% CHANGE FROM MAY 08	NO. LET
Northern Lower Hutt	1	\$147	\$130 - \$255	-12%	8
	2	\$265	\$250 - \$290	0%	35
	3	\$345	\$307 - \$376	5%	73
	4	\$390	\$356 - \$481	4%	5
Southern Lower Hutt	1	\$180	\$160 - \$222	-3%	32
	2	\$280	\$251 - \$323	-3%	71
	3	\$385	\$348 - \$450	1%	68
	4	\$485	\$400 - \$550	1%	22
Wainuiomata	1	n/a	n/a	n/a	0
	2	\$240	\$240 - \$252	4%	8
	3	\$300	\$290 - \$317	3%	24
	4	n/a	n/a	n/a	0
Upper Hutt	1	\$165	\$130 - \$180	6%	14
	2	\$220	\$196 - \$247	0%	43
	3	\$325	\$295 - \$360	2%	62
	4	\$425	\$345 - \$457	-11%	20

Median - the middle value when all of the data is placed in order of value.

Source - Sales Statistics: REINZ website and Professionals Hutt City Ltd MREINZ records. These statistics are for residential dwellings and do not include sections.

Source - Rental Statistics: Tenancy Services Bond Centre. These statistics are derived from information gathered from bonds lodged at the Department of Building and Housing.

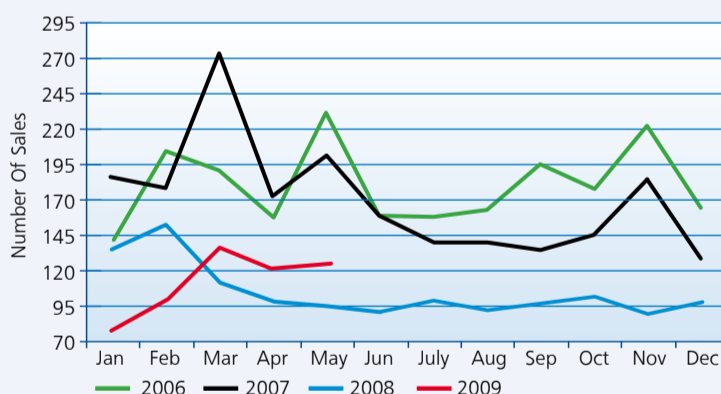
Lower Hutt Sales Statistics

March 2009 – May 2009

SUBURBS	MEDIAN SALE PRICE	NUMBER OF SALES	VS LAST YEAR	MEDIAN DAYS TO SELL	VS LAST YEAR	MEDIAN SALE % CHANGE 1 YEAR	3 YEARS
Alicetown	\$387,000	7	↑	28	↓	*	11%
Avalon	\$350,000	13	↓	22	↓	-1%	3%
Belmont	\$435,000	13	↑	38	↓	-3%	24%
Boulcott	\$455,000	7	↑	29	↓	*	5%
Central Hutt	\$415,500	22	↑	29	↓	-11%	-9%
Eastbourne & Bays	\$605,000	24	↑	35	↓	-4%	10%
Fairfield	\$385,000	5	↓	115	↑	-8%	20%
Harbourview	\$340,000	5	↑	31	↓	*	*
Kelson	\$340,000	11	↑	32	↓	0%	15%
Korokoro	\$448,300	6	↑	69	↑	-25%	13%
Manor Park*	-	-	-	-	-	-	-
Maungaraki	\$430,000	12	↓	34	↓	5%	26%
Moera	\$347,000	4	↓	82	↑	12%	28%
Naenae	\$239,500	24	↓	68	↑	-10%	9%
Normandale	\$420,000	11	↑	42	↓	2%	23%
Park Ave*	-	-	-	-	-	-	-
Petone	\$390,000	32	↑	33	↓	-8%	8%
Stokes Valley	\$268,500	46	↑	36	↓	-4%	13%
Taita	\$251,000	15	→	46	↑	0%	12%
Tirohanga	\$465,000	10	↑	76	↑	*	22%
Wainuiomata	\$222,500	54	↑	42	↓	-10%	11%
Waiwhetu	\$321,000	15	↑	35	↓	-9%	11%
Waterloo	\$400,820	19	↑	34	↓	9%	8%
Woburn	\$726,000	17	↓	51	↓	19%	21%

*For accuracy purposes, suburbs with less than 5 sales in the period have been excluded from this analysis.

Lower Hutt Residential Property Sales



Regional Round Up

March 2009 – May 2009

OUR REGION	MEDIAN SALE PRICE	NUMBER OF SALES	VS LAST YEAR	MEDIAN DAYS TO SELL	VS LAST YEAR	MEDIAN SALE % CHANGE 1 YEAR	3 YEARS
Lower Hutt	\$337,500	379	↑	39	→	-1%	23%
Upper Hutt	\$310,000	191	↓	48	↓	-10%	20%
Porirua	\$365,000	172	↑	47	↓	0%	16%
Wellington	\$450,000	880	↑	32	↓	-2%	12%
MAIN CITIES							
Auckland	\$485,000	2,143	↑	35	↓	-3%	15%
Hamilton	\$325,000	719	↑	40	↓	-3%	8%
Christchurch	\$308,500	2,002	↑	36	↓	-4%	7%
Dunedin	\$235,000	581	↑	35	↓	-6%	0%

