

# The PROPERTY REPORT

## Trends vs patterns: The calm before the storm

For near on two weeks now, we have not seen any negative press about the property market. Interestingly, sales have also been up, particularly in the last week. Be careful you don't let the press or anyone else talk you out of buying property when prices are the best they have been for a couple of years.

Yes, we've had a great property boom and yes, we've seen it go quite quickly from a sellers market to a buyers market. Sales have slowed as much as 50% in some areas. Yet, this is a recent trend, not a pattern. It is temporary and most likely won't last long. Looking back over the last 40 years as in the graph below, you can see a pattern established that can guarantee prices will increase at some point in time. The current market is in a plateau, sales have slowed, but nationally the median price has only decreased by a couple of percent. This tells me we are just experiencing the calm before the next storm.

That's why the time to act is now. For the first time in more than 5 years, buyers have a large variety of homes to choose from. With the current market environment having lower property prices, more homes to choose from and less competition between buyers (which can change very quickly) first time homebuyers have less pressure and investors have numerous quality properties and tenants to choose from

as families wait for interest rates to drop before buying a home.

However, I don't see this window of opportunity lasting long. While many buyers will only begin to look for bargains as soon as the interest rates drop, they will be left high and dry. As I said in last month's article, by the time everyone joins in the bargain hunting, it is too late, as prices will begin to head back up again.

According to many experts, it is this drop in interest rates that will cause the prices to rise. The market determines the price of a home. Too many buyers and not enough sellers will turn the market right back around and prices will increase as competition increases. Buyers will end up paying more than they'd have to pay during this plateau.

No one will argue with the fact that we live in a time of rapid change. Investment companies are going under; the NZ dollar is at an all time high; prices of oil and dairy products have skyrocketed, and there is an election looming. Change is happening and there's more to come. Are you willing to risk thousands of dollars to wait for interest rates to come down? Or are you willing to act now and get in on the bargain-buying action?

John ROSS Owner, Professionals Hutt City

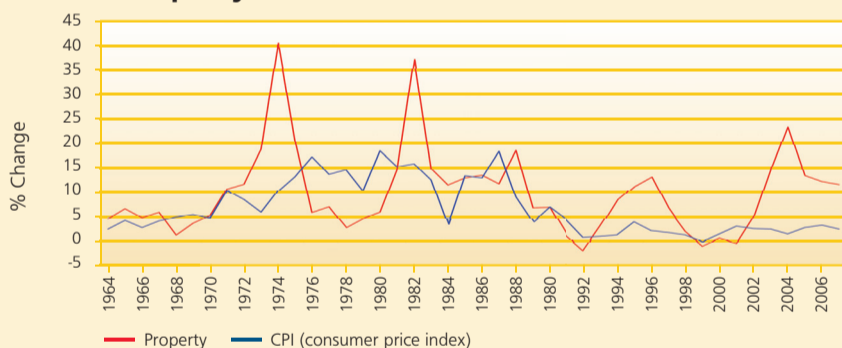
## Lower Hutt Statistics

February 2008 - April 2008

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	\$440,000	7	↓	35	↑	15%	38%
Avalon	\$410,000	9	↓	62	↑	17%	43%
Belmont	\$386,000	7	↓	79	↑	-6%	22%
Boulcott	\$431,750	5	↓	33	↑	-9%	38%
Central Hutt	\$476,300	24	↓	52	↑	5%	41%
Eastbourne & Bays	\$630,000	17	↓	70	↑	-1%	24%
Fairfield	\$420,000	9	↓	82	↑	10%	47%
Harbourview*	-	-	-	-	-	-	-
Kelson	\$327,000	11	↓	44	↑	-8%	36%
Korokoro	\$451,000	7	↓	16	↓	23%	58%
Manor Park*	-	-	-	-	-	-	-
Maungaraki	\$410,000	19	↓	52	↑	0%	40%
Moera	\$307,500	6	→	39	↑	11	22%
Naenae	\$273,000	44	↑	47	↑	3%	40%
Normandale	\$422,250	8	↓	72	↑	6%	34%
Park Ave*	-	-	-	-	-	-	-
Petone	\$460,000	20	↓	49	↑	9%	42%
Stokes Valley	\$291,550	42	↓	38	↑	3%	53%
Taita	\$258,250	20	↓	27	↓	-1%	46%
Tirohanga	\$495,000	6	↓	41	↓	-13%	9%
Wainuiomata	\$245,000	55	↓	45	↑	-5%	58%
Waiwhetu	\$322,500	10	↓	82	↑	-8%	15%
Waterloo	\$368,500	15	↓	29	↓	-11%	25%
Woburn	\$647,500	14	↑	46	↑	4%	62%

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

### Property Prices vs CPI Movements 1962 - 2007



## Focus on ... Wainuiomata

May 2007 - April 2008

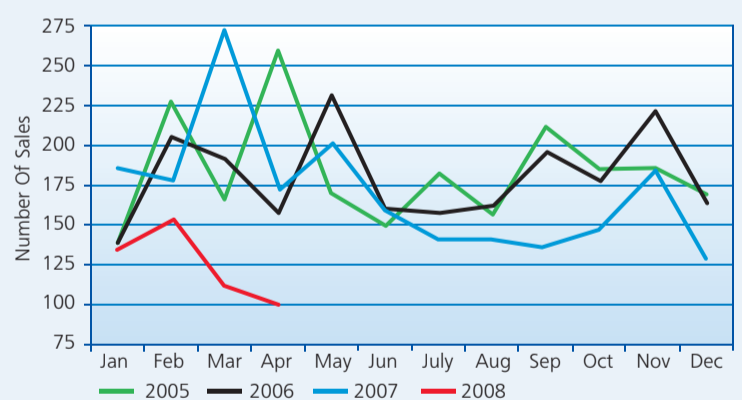
	MEDIAN SALE PRICE	NUMBER OF SALES	MEDIAN DAYS TO SELL
May 2007	\$268,000	48	23
June 2007	\$279,250	28	38
July 2007	\$241,000	22	24
August 2007	\$255,000	33	40
September 2007	\$256,000	20	24
October 2007	\$247,750	28	9
November 2007	\$242,110	36	23
December 2007	\$259,000	27	25
January 2008	\$242,000	34	48
February 2008	\$238,250	24	31
March 2008	\$257,500	16	59
April 2008	\$260,000	15	47



**Median** - the middle value when all of the data is placed in order of value. The median is a better indicator of value in the middle of the range than the average figure, as the average can be influenced by 1 or 2 extremely high or low values.

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

### Lower Hutt Residential Property Sales



## Regional Round Up

February 2008 - April 2008

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	\$335,000	361	↓	48	↑	3%	39%
Upper Hutt	\$336,000	243	↓	63	↑	5%	46%
Porirua	\$359,000	148	↓	65	↑	-2%	31%
Wellington	\$460,000	790	↓	49	↑	-2%	26%

MAIN CITIES	MEDIAN SALE PRICE	NUMBER OF SALES	VS LAST YEAR	MEDIAN DAYS TO SELL	VS LAST YEAR	MEDIAN SALE % CHANGE 1 YEAR	3 YEARS
Auckland	\$466,000	1,600	↓	59	↑	-5%	12%
Hamilton	\$346,000	500	↓	67	↑	3%	36%
Christchurch	\$325,000	1,580	↓	58	↑	0%	24%
Dunedin	\$245,000	577	↓	48	↑	-2%	15%

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