

# ON THE market

SIMES

APRIL 2008

## RESIDENTIAL PROPERTY QUARTERLY REVIEW

### For period to 1<sup>st</sup> April 2008.

Statistics for the residential property market to March report a 7.7% growth in national property values over the past year (calculated over the three months to March 2008 in comparison to the same period last year), down on the 8.9% growth reported to February. Notwithstanding this the average New Zealand sale price increased to \$393,000 from \$390,000.

The residential property market is fairly subdued despite most areas in the country still experiencing good 'year on year' growth in property values, but the rate of this growth is slowing. Banks have lifted their mortgage rates, properties are staying on the market for longer, and the volume of sales is dropping. Clearly the market is slowing down and a period of less activity given the

current market conditions is expected to prevail.

Residential property values in Christchurch increased by 6.1% over the past year (calculated over the three months ending February 2008 in comparison to the same period last year) down from 6.9% reported last month. The average sale price for the city decreased slightly to \$363,000 from \$367,000. Sales volumes are about half as at this time last year although over 600 houses were sold during the month of March in Christchurch.

There is still plenty of interest however in the housing market and we note for the early weeks of April an increase in open home activity. Buyers and sellers are at a standoff but we expect this to rationalize over the next quarter and we would still expect sellers to be

at about the same position as they were 6 months ago. It also provides the opportunity for those sellers to be buying in the same market and houses they perhaps thought were a little out of their reach at this time last year might be obtainable.

For most vendors, excellent profits have been gained over the last 5 years and a flattening of the market is healthy. Continuing value appreciation is not sustainable and cycles in the market are inevitable. Prospects however for residential property investment long term are positive given the reasonable state of the New Zealand economy while promised tax cuts and the election period looming should see increased market activity.

**Where property is well presented, well priced and marketed appropriately, it will be saleable.**

SIMES

Simes Limited MREINZ

Christchurch City  
03 377 1460

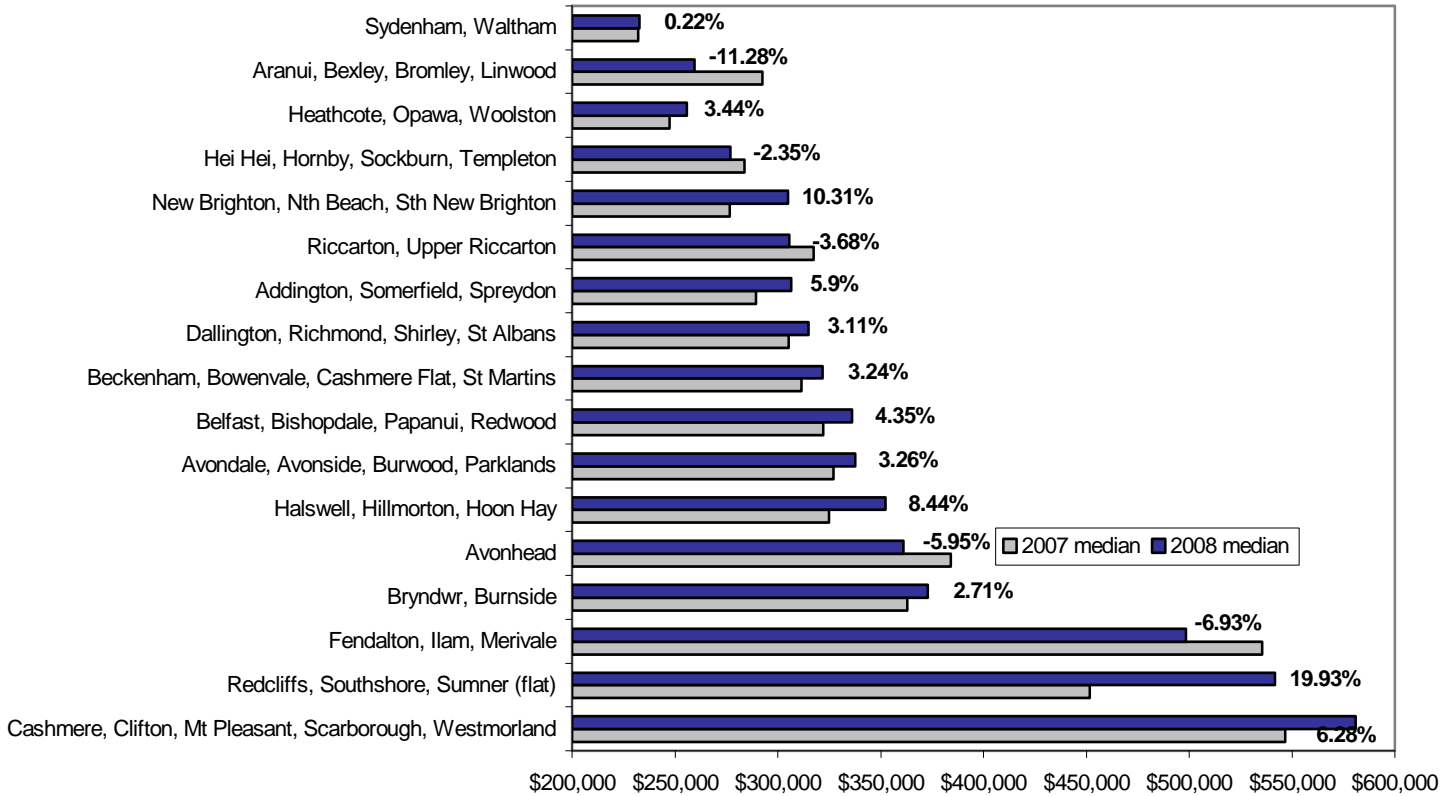
Property Management  
03 379 0623

Rangiora  
03 313 6811

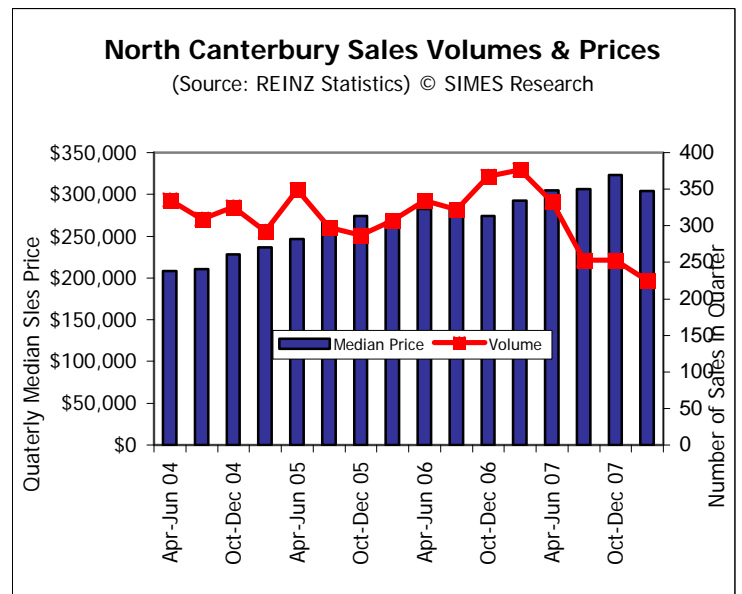
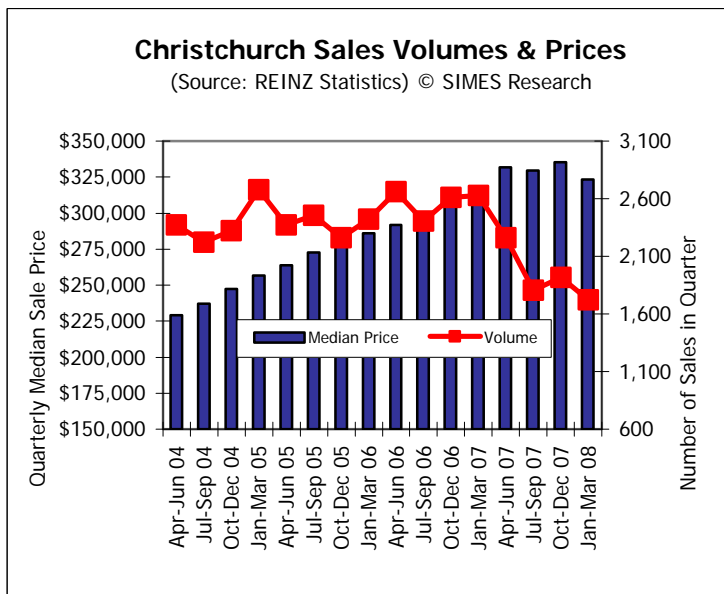
Kaipoi  
03 327 8870

The bar graph below shows price movements by suburb, comparing the March 2007 quarter against the March 2008 quarter. Sale prices in most Christchurch suburbs have shown a slight increase for the first quarter of 2008 compared to the same period last year. The data does not support the contention of some commentators that there is a wholesale write down of values, at least in the local market.

## Property Value Changes March Quarter 2007 - 2008



Sale volumes have reduced quite markedly, which is to be expected following a long period of high turnover. This is a normal cyclical pattern in the property market. Sales rates are expected to increase over the next quarter as purchasers and vendors adjust to a more stable market and reduced expectations of price increases in the short term.



Simes Limited MREINZ  
Christchurch City  
03 377 1460

Property Management  
03 379 0623

Rangiora  
03 313 6811

Kaipoi  
03 327 8870