

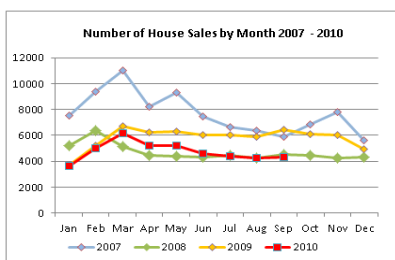
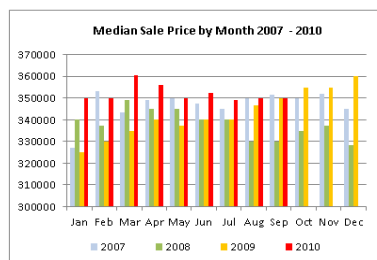
The Rent Shop Ltd

Newsletter

November 2010

2010 Spring Flush Fails

The 'Spring Flush' is traditionally a term used to describe the busiest selling period for New Zealand real estate. Not so in 2010. Sales volumes continued to be low in September and while the October data is still to be released the industry website realestate.co.nz reports 11,911 properties coming into the market in October - a 12.1% drop from the same month last year with little anecdotal evidence of increased sales activity. It is fair to say at this point that this year's spring flush has failed to happen. We refer below to two key New Zealand-wide graphs of interest:



Firstly the Median Sale Price - note particularly the difference between the 2008 low in green and 2010 in red for the months of July, August and September i.e. the 2010 median price of \$350,000 compared with \$330-\$340,000 for the same period in 2008. The current median price is significantly higher. Now refer to the Number of House Sales graph that clearly shows the red line of 2010 has tracked down since March, and in September is starting to edge below the lows of the green line of 2008.

With the current number of sales so low, the obvious conclusion is that the median price is likely to edge lower, however a \$20,000 drop in the median price from \$350,000 would only represent a 5.7% adjustment - significant but not serious.

There has also been recent suggestion that the Banks have been carefully trickling mortgagee sales into the market to help maintain values and minimise losses.

The RBNZ's latest holding of the OCR at 3% further confirms the slowness of the property market but we believe will also limit any further downside by keeping interest rates down. In the South Auckland area we are noticing fewer bargains with more cash-flow conscious investors hunting the opportunities and more recently, an increase in first home buyer activity as lenders are starting to be a little more generous with their criteria.

In summary, we see little market change in the next period - "steady as she goes".

Cheers!

Warwick J James AREINZ

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Current Opportunities



Hillcrest, Hamilton

- One-bedroom home units
 - Eight to choose from
 - Concrete block construction
 - Ideal rental units in good area
 - Rented at \$150 to \$170 p.w.
- For sale at \$138,000 each**



Manurewa, Manukau

- Two-bedroom townhouse
 - In block of two units
 - Internal access single garage
 - Heat pump included
 - Rental \$300 p.w.
- For sale at \$239,000**



Botany, Manukau

- Two-bedroom apartment
 - Excellent condition
 - Top floor with good views
 - Loads of chattels included
 - Rented now at \$360 p.w.
- For sale at \$325,000**



Manurewa, Manukau

- Three-bedroom house
 - Solid brick & tile family home
 - Double garage plus carport
 - Large fenced back yard
 - Rented at \$330 p.w.
- For sale at \$340,000**

Contact our Investment Specialist:

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