



My Residential

Overview

The residential market was busy through winter following a vey "topsy turfey" first quarter to 2011, with two early months having record low sales volumes. The market became a bit more steady on its feet, though the median sale price dropped significantly during the winter months. (We felt the market had bottomed out in June/ July, particularly in Napier....perhaps we were right!).

Many real estate agents had noticed a significant increase in activity through winter, many experiencing their busiest period for some time, although the normal Spring surge is yet to eventuate, particularly in Napier.

The knock on effect of the volatile European and United States economies has certainly impacted on local and national confidence, both from a domestic and business level.

Napier

The median sale price in Napier dropped to its second lowest level for the twelve months to August, reflecting \$278,250. However, September saw a significant correction with the median sale price lifting to \$307,000. The year on year median is also up on September last year by 2.7%.

The number of sales has dropped in September to 66, down from 78 sales in August.

Napier recorded an average of 71 sales per month for the last 12 months.

Hastings

Hastings sales volumes have remained steady since June, with August recording a higher volume of sales than Napier. The month on month median sale price to September remains unchanged at \$247,000; though the year on year median sale price to September is down 6.1%.

The number of sales has increased in September to 79, up from 74 sales in August.

Month on month, the biggest mover in median sale price was Flaxmere, recording an 18.9% increase; with Have-lock North also indicating an 8.2% increase in the median sale price for the same period.

My Commercial-Industrial

Hawkes Bay offers very good investment fundamentals with many properties in Napier and Hastings showing strong underlying value propositions. This is reflected in some of the low yield sales that have occurred in recent months, reflecting desirable lease covenants, and attractive cash flow profiles. More and more sales are occurring on the back of longer term leases, attractive rental growth based on combined market and/or CPI rent review mechanisms, national tenants; or established local business tenants.

The second tier market continues to struggle to attract investors, though we see some recovery in the short to medium term if local businesses start to see the opportunities that exist for owner-occupation property, particularly in the industrial sector. Recent sales:

- 1 Shakespeare Road — Australian Mutual Provident Society Building - Two level building in Napier's fringe CBD with unexpired lease term of 4 years; sold for \$2,000,000 plus GST, reflecting a net yield of 10%; and discount rate of 11.95%.
- 12 Lee Road (Plus Rehab) Sold for \$1,250,000 plus GST, reflecting a net yield of 9.36%; and discount rate of 11.49%. Sale and leaseback for 10 years.
- 19 Clive Square (Property Brokers) Sold for \$890,000 plus GST, reflecting a net yield of 8.09%; and discount rate of 9.51%.
- Enza—Williams Street Sold in February for \$16,961,381 plus GST. The sale reflected a net yield of 9.41%, and discount rate of 13.29%. The property is fully tenanted to Enza foods, with a weighted average lease term remaining of 10.50 years. The property was subsequently offered for proportionate ownership, with 220 interests available to smaller investors.
- New World—Hastings Sold in July to a local Hawkes Bay investor for \$12,000,000 plus GST, reflecting a net yield of 7.25%.

My Rent

Rents for older industrial properties are feeling some downward pressure; though modern buildings with good accessibility, high stud, and natural light are achieving good rental levels.

Well located, modern or retrofitted offices are also seeing more lease enquiry, particularly within the Ahuriri business park. There is an over supply of older office accommodation in Napier and Hastings.



July sunset—taken during a property inspection

Welcome to the Spring 2011 Bounce; and a massive WELCOME to Paul Bibby, Registered Valuer.

Paul has worked in Hawkes Bay for many years, carving out his trade in the other bay (BoP).

Paul has already proved to be a valuable asset to the team, taking on and growing our lifestyle sector, and working with Andrew in the commercial/industrial and residential sectors.



My Performers

Napier		September-11			August-11		
Suburb	Dwellings Sold	Median \$ Sept-11	Days to sell	Dwellings sold	Median \$ Aug-10	Days to sell	% Change
Taradale	19	\$320,000	33	13	\$340,000	63	-6.3%
Onekawa	9	\$219,000	30	12	\$247,000	46	-12.8%
Greenmeadows	7	\$357,000	27	12	\$288,000	40	19.3%
Tamatea	6	\$284,000	21	9	\$276,500	34	2.6%
Napier South	5	\$285,000	12	8	\$248,500	26	12.8%

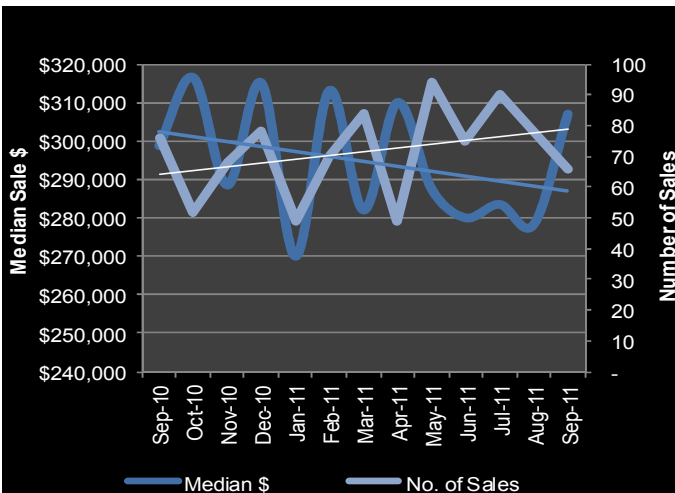
Taradale is showing the longest average period of time to sell a property; but consistently has the highest volume of sales. The median sales price has declined slightly from the previous month. Some more activity is coming through in the lower price brackets of Onekawa, possibly as a result of the Welcome Home Loan scheme and Kiwi Saver enticing first home buyers into the lower end housing market.

Havelock North hasn't seen any change in sales volume, but has seen a lift in the median sales price from the previous month; August saw a higher number of lower end sales occur compared to September. There were more sales in August occurring in the established Havelock North Hills area for older homes. While increased demand in Flaxmere has resulted in a quick recovery in the median sale price. August was the month to buy!

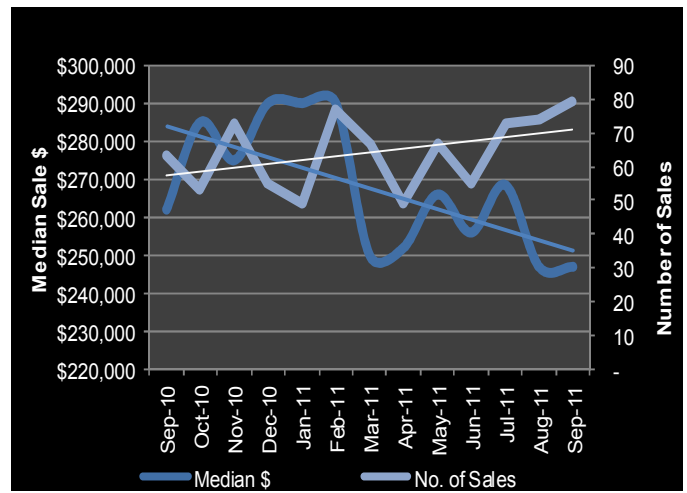
Hastings		September-11			August-11		
Suburb	Dwellings Sold	Median \$ Sept-11	Days to Sell	Dwellings sold	Median \$ Aug-10	Days to Sell	% Change
Havelock North	22	\$415,250	48	22	\$381,000	50	8.2%
Flaxmere	11	\$185,000	42	9	\$150,000	42	18.9%
Raureka	8	\$275,000	46	7	\$260,000	69	5.5%
Akina	8	\$216,500	28	6	\$222,500	55	-2.8%
Mayfair	5	\$260,000	12	5	\$220,000	54	15.4%

My Research: Median Sale Price relative to Number of Sales

Napier

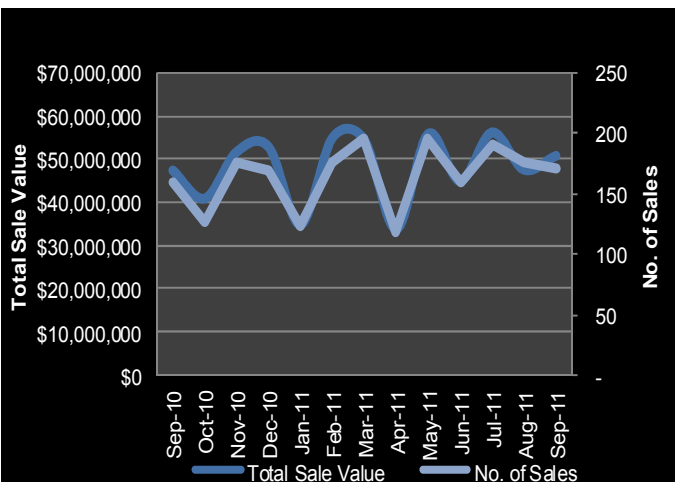


Hastings



Napier - the number of sales is tracking upwards, following the lowest period of sales activity seen in Napier in January and April; though September did see a quick drop in volume from the previous month. The median sale price dropped significantly in May and tracked at this level for three months, but saw a huge leap in September.
 Hastings - Sales activity is slightly steadier in Hastings; the median sale price has remained unchanged for the last two months, while sales volumes have consistent increased since June. This indicates lower end properties selling, mostly in Flaxmere.

My Total Value of House Sales in HB



My Outlook

The market is a little quieter at present. We need to get through the Rugby World Cup and 2011 Elections; then we should see a lift in optimism and activity.

Number of properties for sale on Trade Me (October):

Napier: 812 properties

Hastings: 732 properties

My Plug!

MyValuer are independent property Valuers covering all of Hawkes Bay

GO! THE MIGHTY ALL BLACKS!!!

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