



Welcome to the Winter 2012 Bounce; the weather may have cooled, but the general confidence in Hawkes Bay is warming. The team at My Valuer recently expanded with Allister McKenzie joining Paul Bibby and Andrew White. Awesome to have Allister on board. Allister will cover Napier-Hastings market in residential/commercial, as well as the motel sector across Hawkes Bay.

Hawkes Bay has continued on its positive start to the 2012 year, with a active first and second quarter in both the residential and commercial sectors. Commercial developments underway and proposed developments are providing a positive environment for the local economy.

my Residential

Overview

The improved confidence experienced within the first quarter of 2012 has continued into the winter period.

Napier and Hastings both benefitted from particularly strong sales volumes in May before tapering off slightly in June. The June levels still improved when compared with the same period last year. Purchasers remain well informed with the increased days to sell indicating less pressure to make immediate decisions.

The main Banks are competing aggressively for percentage share of the home loan market with mortgage interest rates remaining at low levels.

The official cash rate was unchanged in July remaining at 2.5%. The Reserve bank stating the outlook for New Zealand's trading partners looked poor with several economies in recession. However domestically the Bank expected economic activity to grow modestly over the new few years.

Napier

The median sale price in Napier has decreased over the last two months after hitting its highest level in April since February 2010. Sales volumes increased substantially in May to 102 sales before reducing to 86 sales in June. These levels being generally improved on those of 2011.

Hastings

The Hastings market has followed a similar trend to Napier. May was an active month with 93 recorded sales, reducing to 82 sales in June. The median sale price has reduced over the last two months to \$267,000 following the peak of \$297,500 in April 2012.

Hawkes Bay region as a whole recorded a median sale price of \$265,000 in June 2012 after the previous record of \$296,000 in April.

my Commercial/Industrial

Commercial property development continues to show positive signs of activity, with the recent opening of large scale retailers in both the Hastings 'CBD' and 'The Park Megacentre' with further proposed development of existing large scale retail properties into mid size retail premises.

In central Napier the recent office redevelopment of '60 Station Street' has added quality refurbished office space to the CBD; Department of Corrections taking up this space as anchor tenant. The new Farmers building construction continues, with further proposed devel-

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opments within the immediate vicinity and the existing Farmers building on Emerson Street. All these developments have the ability to both enhance and change the dynamics of the respective CBDs .

The recent announcement of Automation technology giant ABB plans to build a 6,500 square metre research and development centre at the proposed Hawkes Bay Airport Business park is extremely positive.

The commercial market has been steady over the past six months with a number of high end sales recorded. Recent sales:

- 11 Thorn Place A tidy medium stud industrial building situated on a 987sqm site. The property sold with a new lease for two years. Sold February 2012 for \$440,000 plus GST, reflecting a net market yield of 8.86%.
- 182 Emerson Street A single level building with two retail tenancies. Sold June 2012 with vacant possession for \$700,000 plus GST. Indicative market yield 8.50%.
- 124 Dalton Street A vacant possession sale of a 430 sqm single level retail building. Sold June 2012 for \$395,000 plus GST.
- Motel Sales
 - Pania Lodge: sold March-12 \$585,000
 - Shoreline: sold March 2012 \$8.4m
 - Beachfront: March 2012 \$6.7m
 - Hawkes Bay Motor Lodge: sold April 2012 \$660,000

my Rent

Modern office and industrial accommodation continues to meet with reasonable demand with no substantial change in rental levels noted.

Secondary office and industrial accommodation continues to meet with limited occupier demand. Recent lettings for older industrial space reflects lower levels than historical , particularly those with lower stud heights, poor maneuverability and reticulation around a building.

Earthquake strengthening has now become a significant issue for both tenants and landlords with some high profile buildings having been recently strengthened. While in other older buildings, some quality tenants have moved out due to the building either not meeting a specific requirement, or not meeting the tenants in-house requirement.



my Performers

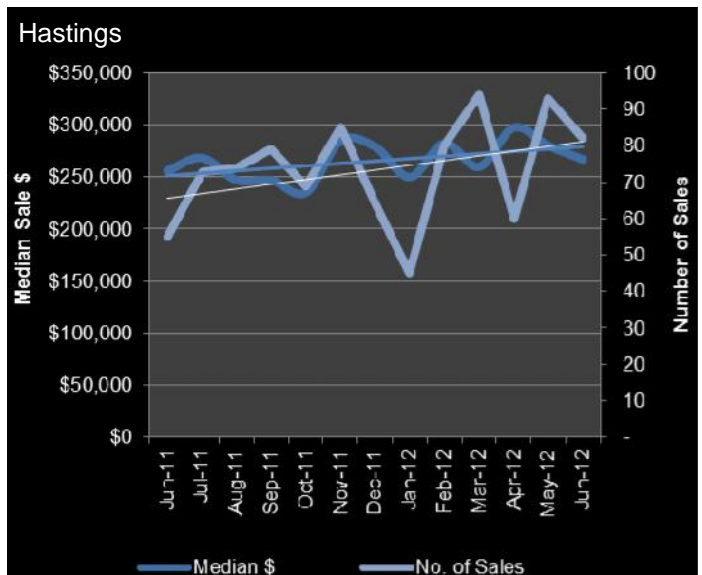
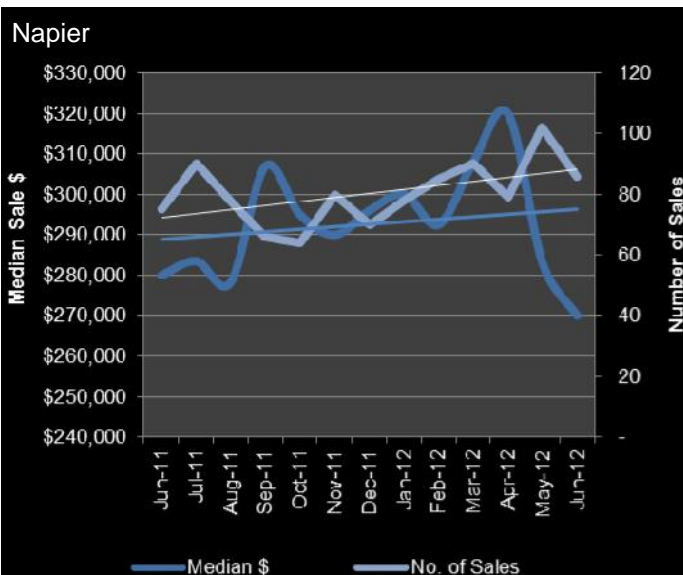
| Napier | | June-12 | | | June-11 | | |
|--------------|----------------|------------------|--------------|----------------|------------------|--------------|----------|
| Suburb | Dwellings Sold | Median \$ Jun-12 | Days to sell | Dwellings sold | Median \$ Jun-11 | Days to sell | % Change |
| Taradale | 19 | \$323,000 | 41 | 16 | \$328,500 | 60 | -1.7% |
| Tamatea | 11 | \$231,000 | 91 | 8 | \$273,500 | 51 | -18.4% |
| Greenmeadows | 10 | \$373,000 | 46 | 4 | \$377,500 | 50 | -1.2% |
| Onekawa | 8 | \$227,000 | 85 | 3 | \$240,000 | 50 | -5.7% |
| Marewa | 6 | \$198,500 | 84 | 9 | \$220,000 | 30 | -10.8% |

NAPIER - Taradale continues to be the most active suburb in Napier with 19 sales recorded in June. The median sale price has remained consistent when compared to the corresponding period in June 2011. The median sale reduced substantially in Tamatea, albeit, improved sales volume. Selling prices have reduced in the suburbs of Onekawa and Marewa, however this being based on a relatively low number of sales. The reduced median price indicating more sales within the lower price bracket.

| Hastings | | June-12 | | | June-11 | | |
|----------------|----------------|------------------|--------------|----------------|------------------|--------------|----------|
| Suburb | Dwellings Sold | Median \$ Jun-12 | Days to Sell | Dwellings sold | Median \$ Jun-11 | Days to Sell | % Change |
| Havelock North | 19 | \$428,000 | 32 | 16 | \$417,500 | 33 | 2.5% |
| Akina | 11 | \$250,000 | 40 | 4 | \$202,750 | 43 | 18.9% |
| Raureka | 10 | \$265,500 | 77 | 1 | \$385,000 | 43 | -45.0% |
| Flaxmere | 9 | \$137,500 | 129 | 10 | \$110,000 | 71 | 20.0% |
| Mayfair | 5 | \$295,000 | 34 | 5 | \$235,000 | 21 | 20.3% |

HASTINGS - Havelock North experienced good sales volume with prices increasing slightly when compared with June 2011. Sales volume has remained consistent within Flaxmere with an increased median sale price to \$137,500. The suburbs of Akina, Raureka and Mayfair all benefitted from improved/consistent sales volume and are indicative of a general improvement in the Hastings residential market.

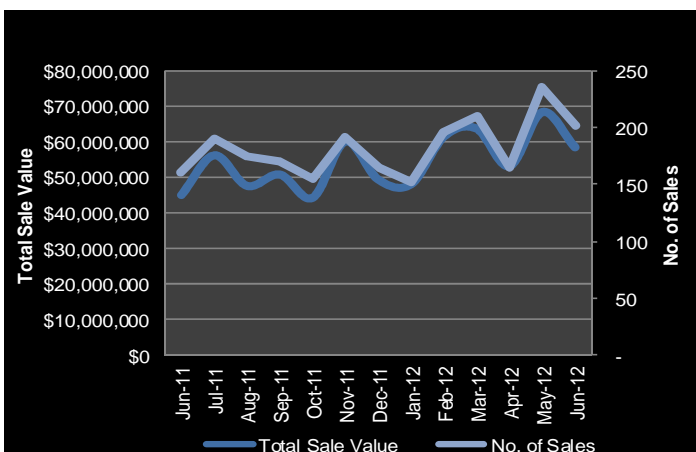
my Research: Median Sale Price relative to Number of Sales



Napier - The sales volume improved dramatically in May before reducing in June to a level more consistent with February and March. These volumes still being improved on general sales volume levels through 2011. The median sale price has reduced markedly over the past two months after peaking in April, although is only a marginal decrease on the same time last year. We expect this to self-correct as we head into Spring.

Hastings - Sales activity continues to fluctuate, improving substantially in May before reducing slightly in June. Following improvements to the median sale price to April this has more recently reduced during the last two months.

my Total Value of House Sales in HB



my Outlook

A cautious recovery in the Hawkes Bay property market is underway. Increased development activity could stimulate the market further during the second half of 2012.

Number of properties for sale on Trade Me (July 2012):

Napier: 763 properties

Hastings: 605 properties

my Plug!

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