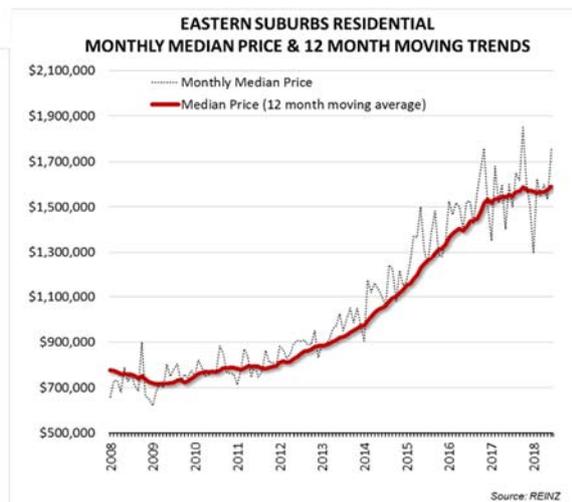
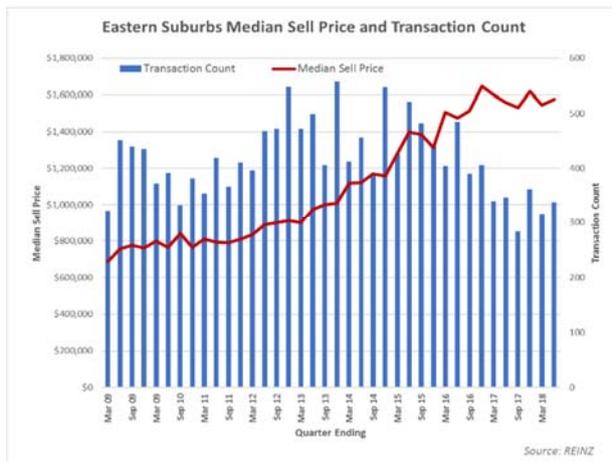


EASTERN SUBURBS MARKETBEAT – JUNE 2018 QUARTER



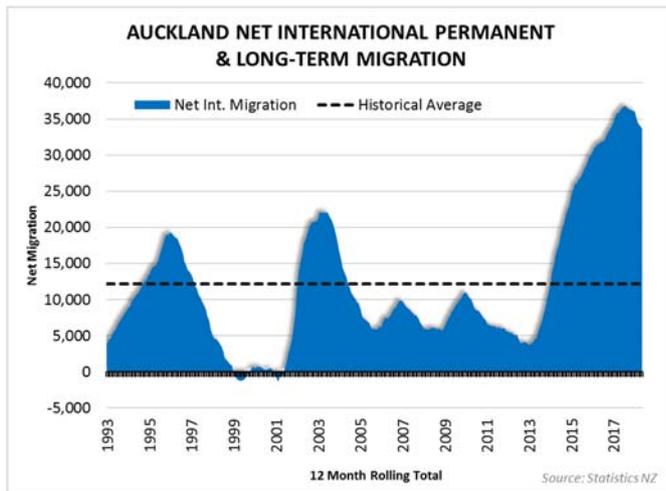
Confidence is bouncing back. Residential sales volumes for the Eastern Suburbs are coming off their recent lows and prices also look to be grinding higher. All encouraging signs, especially as activity over the winter months is usually more constrained.



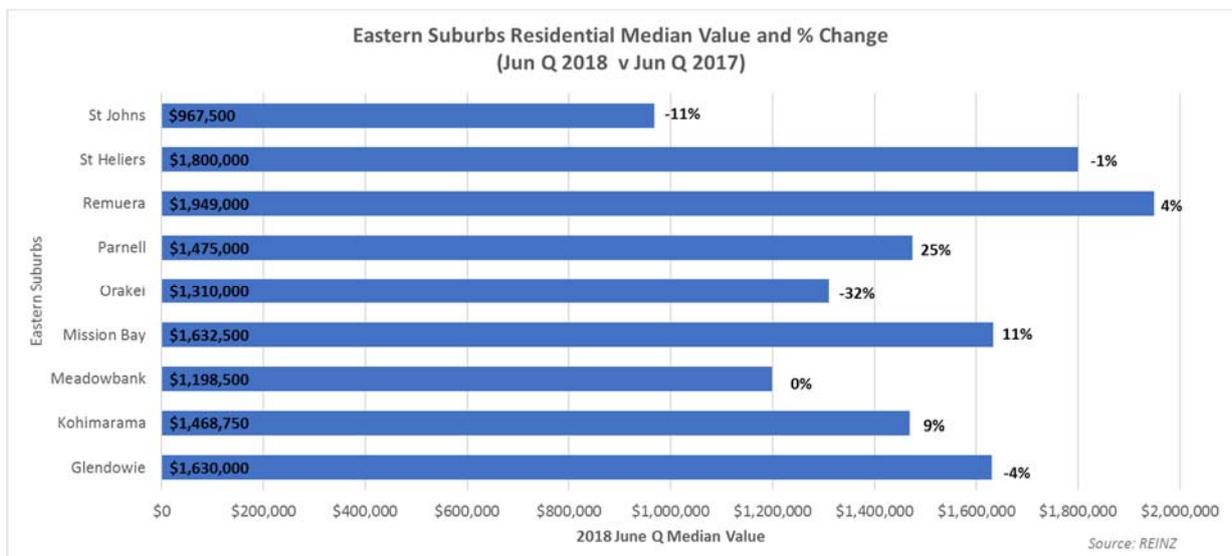
After an extended period of rapid price increases, peaking in the December quarter of 2016, the Eastern Suburbs entered a period of consolidation. Over the three months to June 2018 a median value of \$1,577,500 was recorded, up 2.1% from the prior March 2018 quarter. When quarterly fluctuations are smoothed using 12 month moving averages of monthly medians, a continuing upward trend, albeit at a slower pace, is still evident.

Values look to be holding at historically elevated levels as a result of strong market fundamentals including a lack of housing supply, continued high migration and historically low interest rates which are expected to remain in place for some time.

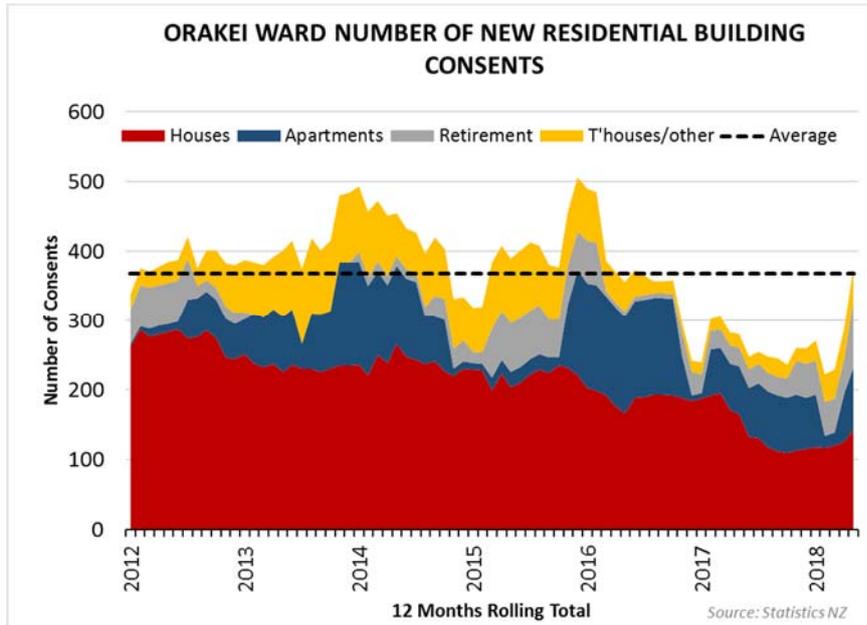
Transaction counts look to be edging up with 388 residential properties transacted over the June 2018 quarter, up 7% on the prior quarter. The general weakness in sales activity however can largely be attributed to commercial banks tightening their lending criteria for home buyers, constraining the market.



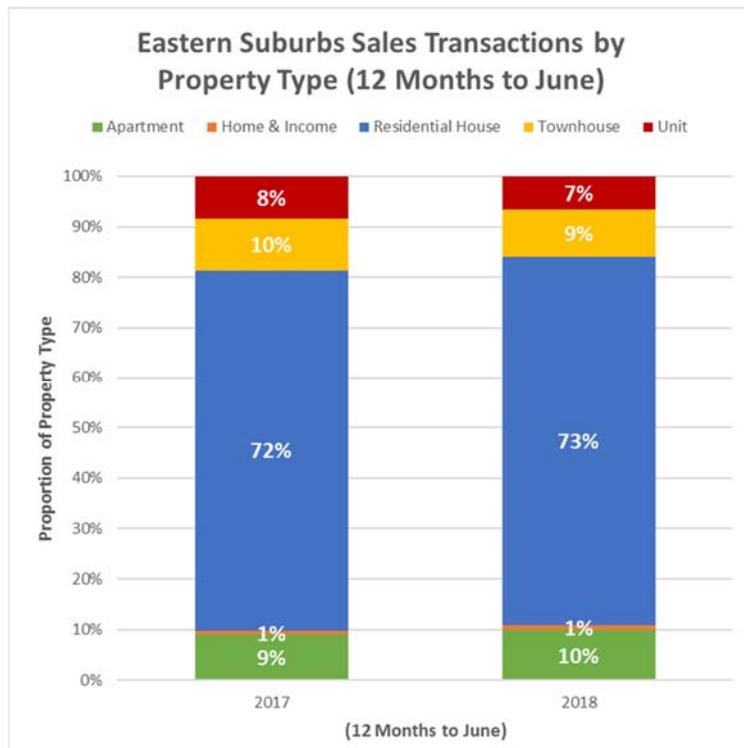
Auckland net migration is still well above the historical average with the net gain of migrants reaching 33,695 over the 12 months to May 2018. Although net migration has eased since its peak in mid-2017, such as numbers are expected to stay at above long term averages for some time due to chronic labour shortages in critical industries such as construction.



Value distributions across the Eastern suburbs over the June 2018 quarter show Remuera and St Heliers hold the highest median values of \$1,949,000 and \$1,800,000 respectively. Parnell witnessed the largest value increase over the June 2018 quarter, up 25% when compared to the same period a year prior. Orakei witnessed the largest decrease in value, down 32%, however it is important to note Orakei's relatively small pool of circa 20 transactions per quarter.

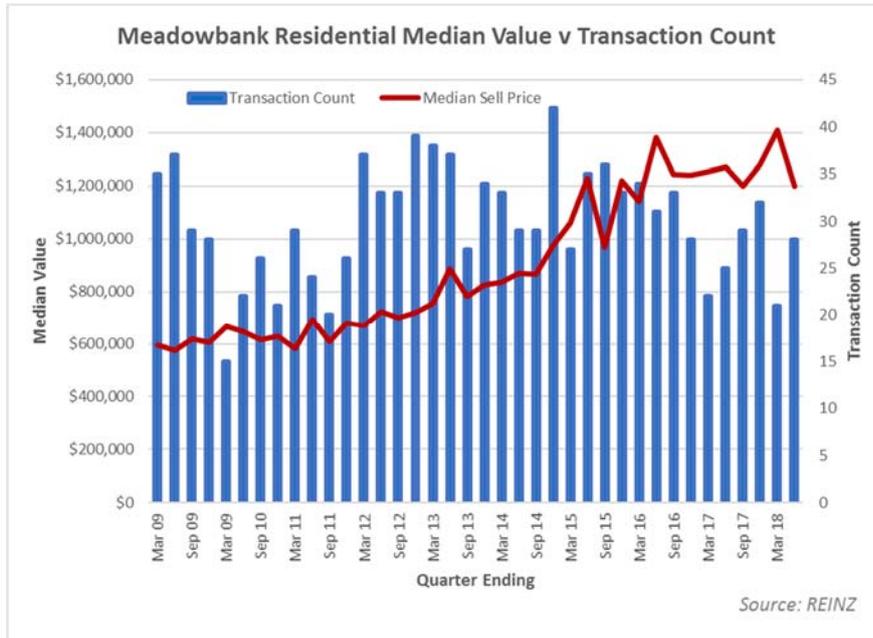


Encouragingly a total of 377 residential building consents were issued, over the 12 months to May 2018, moving above the long term average of 369 for the first time since June 2016. While the number of consents for stand-alone houses remains reasonably flat, the number of consents for apartments, retirement and townhouse accommodation all spiked in the month of May 2018.



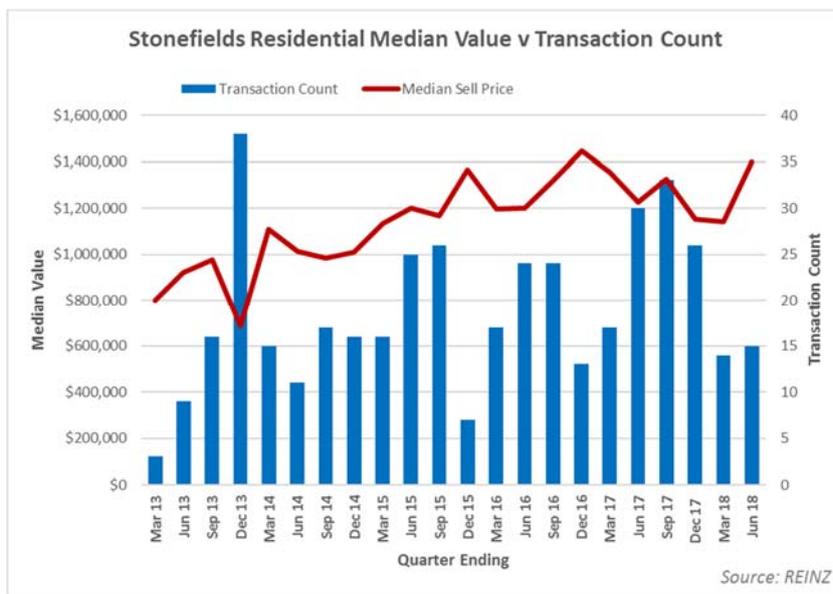
Transaction distributions in the Eastern suburbs have remained relatively unchanged over the 12 months to June 2018 with stand-alone residential houses representing 73% of all transactions, followed by apartments with 10%, townhouses 9% and units 7%.

Spotlight: Meadowbank



Meadowbank is one of Auckland’s most sought after suburbs with its close proximity to Orakei Basin, numerous eastern bay beaches and a cheaper entry point to the Eastern suburbs. Accessibility through an excellent public transport network to hubs such as the CBD, Parnell and Newmarket add to Meadowbank’s attraction. The March 2018 quarter saw Meadowbank’s median value spike to a high of \$1,410,000, the highest quarterly median value on record. Subsequently the median value has fallen by 15% in the June 2018 quarter due to the larger number of sales of townhouse and unit style housing making up 36% of all transactions compared to just 5% over the March 2018 quarter. Sales volumes bounced back over the June 2018 quarter, up 33% with a total of 28 residential properties transacted.

Spotlight: Stonefields



Stonefields is a master-planned modern community which when completed will have approximately 2,500 high-quality homes. The close-knit and friendly feel of the village with a convenient shopping hub at Stonefields Market creates ongoing appeal to the area, this is reflected in the median value

spiking to \$1,400,000 over the June 2018 quarter. Transactions have decreased over the 2018 year although it seems not as a result of decreased demand or value, but rather, buyers having difficulty sourcing finance from the banks.

Eastern Suburbs Hot Spot Map – 6 Months to June 2018



Source: REINZ