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Barfoot & Thompson
MREINZ

December 2005



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Dear Client,

As Christmas approaches I would like to thank all my clients who have supported me over the last year and wish everyone who reads these words a very happy Christmas and a prosperous New Year.

Despite the burst of negative publicity from the Reserve Bank recently, the market is very busy as we run up to end of year and there is a strong underlying general confidence. It's worth remembering that people once thought the Earth was flat so do not believe everything that you read or hear! I look forward to staying in touch next year being of any help to you that I can.

Kind regards and God Bless

Justin

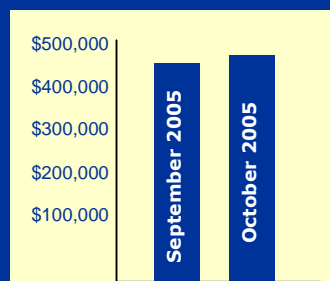
Auckland market still rising ...

The average sale price for October was a record \$474,271, compared with \$469,356 in September. However, the volume of sales was down slightly at 970 compared with 1,071 in September.

The top end of the market was particularly strong with 16 sales of more than \$1.5 million recorded for the month. One in five sales was for \$750,000 or more.

Director Peter Thompson says: "Our sales figures reflect the continuing level of demand for Auckland residential property. From our perspective, one of the key factors driving this growth is a shortage of listings.

"Our experience is that this is contributing to higher prices being paid because those in the market to buy have reduced choice and are having to pay good prices to secure the property they want.



"It's interesting that these latest figures cover the post-election period when there was considerable uncertainty about the shape of the new government. It's possible that contributed to the drop in the volume," Mr Thompson says.

Take Time



- **Take time to think ...**
it is the source of power.
- **Take time to play ...**
it is the secret of perpetual youth.
- **Take time to read ...**
it is the fountain of wisdom.
- **Take time to love ...**
it makes living worthwhile.
- **Take time to laugh ...**
it is the music of the soul.
- **Take time to give ...**
it brings joy to your heart.
- **Take time to work ...**
it is the price of success.

Author Unknown

A proven investment performer - Property

You don't have to be an investment guru to know that property will always form a key part of any balanced investment portfolio. We all understand that markets - of any kind - fluctuate over the short term, but where property is concerned solid historical evidence proves that over the medium to long term, land, bricks and mortar are about as close to a sure thing as you're ever likely to find.

We didn't start out in this business yesterday; in fact Barfoot & Thompson has been tracking average Auckland house prices - based on our own sales data - since 1954. Back then the average sale price was just \$5608 and that figure rose steadily until it first broke the \$100,000 barrier in 1985. Twenty years later - our average sale price has more than quadrupled to reach \$440,477 for the year to March 2005.

We're not arguing that house prices never go down - they can. There have been a couple of points along the way where the annual average sale price has reached a plateau or even dropped slightly. But the most important point is that the clear overall trend is steadily upwards. The data clearly demonstrates that anyone who entered the Auckland property market and remained there for at least the medium term - say five years - would have seen their equity in the property increase significantly and have had the opportunity to sell for a healthy profit. Valuation New Zealand data shows that over the 30-year period from 1966 to 1995 the average annual capital growth in Auckland property values was 11.2%.

The key message for anyone considering buying Auckland property is simply - do it now. Secure your foot hold in the market, because the historical data clearly shows that prices continue to move steadily up much faster than the average ability to earn.



What is your Net Worth?

Your net worth is all your assets less all your liabilities. It's a dollar figure telling you what would be left if you cashed up everything you own and paid off all your debts.

To calculate your net worth, add up all your assets, such as your house, investments, savings account, vehicles, businesses and so on. You're looking for what you would get if you sold them all today, so you may want to include furniture, appliances, and any other valuables you could sell. Then take away what you owe on hire purchases, credit cards, overdrafts and of course your mortgage. Deduct the debts from the

assets, and the dollar figure is your net worth.

A positive net worth means you have more assets than debts, which is a good thing! It is

common among young people (especially those with student loans) for net worth to be negative. But you want to work to make it positive.

To increase your net worth, you can do one of two things: increase assets, or reduce liabilities. However, increasing your assets will only increase your net worth if it is funded with income - if you fund it with more debt, your net worth will remain the same. Decreasing your liabilities, also increases net worth because it reduces what you have to deduct from your assets.

Your net worth is a valuable piece of information to give you a snapshot of where you stand financially. When you look at it over time, it also tells you what progress you are making financially, and possibly even show ways you could increase it over time.



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