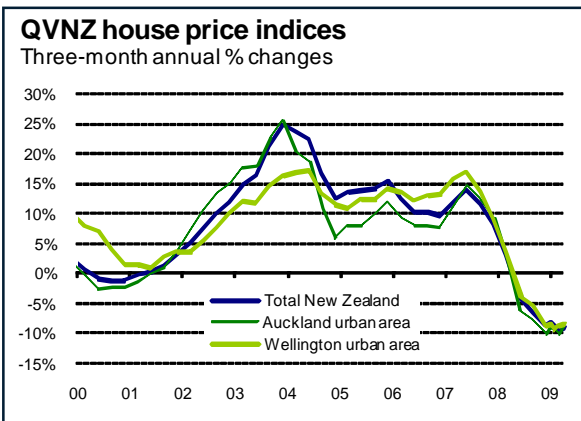




House price indices ⁽¹⁾	May-09	Apr-09	Mar-09	Dec-08 ⁽²⁾
Total New Zealand	-8.1%	-9.2%	-9.3%	-8.9%
Auckland urban area	-7.6%	-9.0%	-10.1%	-10.1%
Hamilton City	-7.5%	-8.8%	-9.3%	-9.8%
Wellington urban area	-7.4%	-8.5%	-8.7%	-8.7%
Christchurch City	-8.1%	-9.6%	-9.7%	-8.7%
Dunedin City	-5.4%	-8.0%	-8.8%	-7.7%

(1) Three-month annual % changes (2) Latest annual % change from QVNZ's quarterly index
Data source: Quotable Value New Zealand Ltd



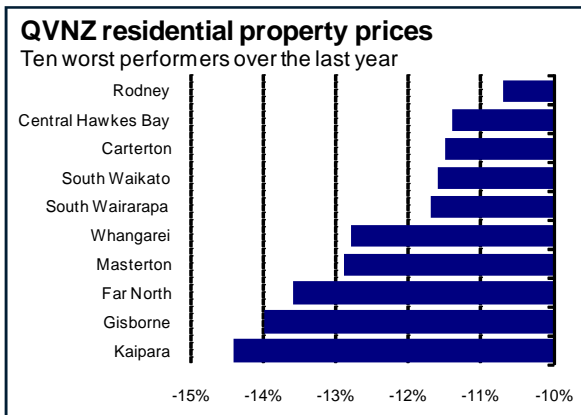
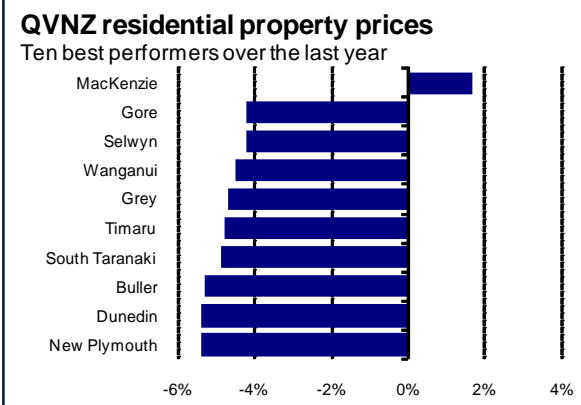
House prices are now rising

Annual house price inflation improved again in May, up from -9.2% to -8.1%. Although the fact that these figures are still negative may appear to be at direct odds with our headline, we have matched them up with Quotable Value's quarterly index to get an estimate for the March quarter. After a year of quarterly price falls, we estimate that house prices rose 0.3% over the March quarter.

Almost three-quarters of the country's territorial authorities recorded smaller annual price falls in May than the previous month. Although there was some variation to the regional pattern, many of the biggest improvements were concentrated in the mid-to-lower North Island. Price growth for the main urban areas pulled further ahead of the nationwide average, indicating that the improved fortunes for the property market are being felt most keenly in the cities at this stage.

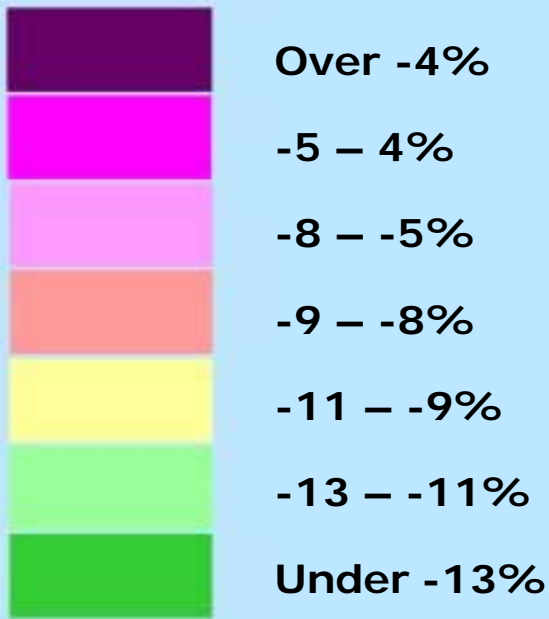
Many of the areas where the price falls still appear to be accelerating were around Waikato and the lower South Island.

Quotable Value noted that buyer demand appears to have increased in response to low mortgage rates, particularly for property at the cheaper end of the market. Strong net migration and a lack of property for sale are increasing competition among buyers and are starting to support prices. However, concerns about the weak labour market and broader economic outlook are likely to limit the extent of any rebound in house prices in the near term.



Statistical property data is provided courtesy of [Quotable Value New Zealand Ltd](http://www.quotablevalue.co.nz).

Three-month annual percentage change in house prices, May 2009



NZ average -8.1%

