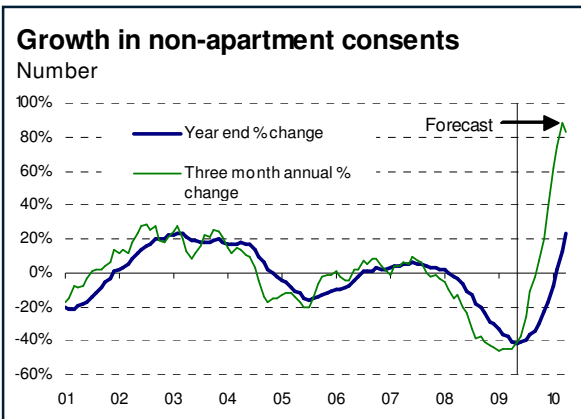




Forecast of non-apartment dwelling consent numbers

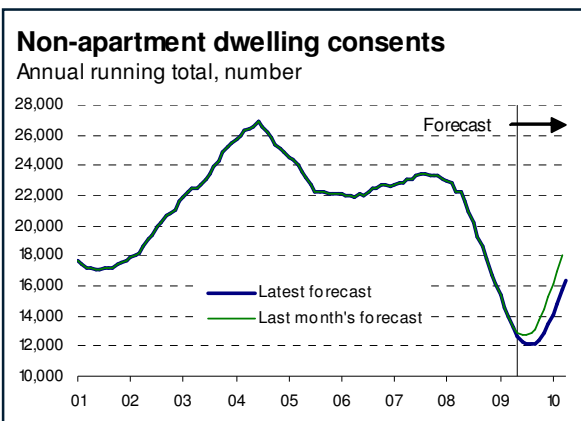
	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
Monthly forecast	949	1,001	1,142	1,237	1,305	1,301	1,538	1,543	1,442	1,557	1,890	1,417
Annual running total	12,607	12,329	12,149	12,182	12,218	12,396	12,882	13,424	14,121	14,812	15,715	16,322
Annual % change	-39%	-22%	-14%	3%	3%	16%	46%	54%	94%	80%	92%	75%
Year end % change	-42%	-41%	-40%	-37%	-34%	-30%	-23%	-17%	-8%	2%	12%	24%
<i>Latest detailed forecasts (March 2009)</i>												
Three month total		3,218			3,974			4,029			3,923	
Year ended total		13,317			13,496			14,349			15,144	



May mauling for residential building

Residential building activity dropped again over the May month (in seasonally adjusted terms) according to figures from What's On.

The May result was 228 consents lower than our model anticipated last month. Even with a significant boost to our net migration forecasts over the year to March 2010 (up to a net inflow of 20,000 people), our model's forecast of annual building consents has fallen by 2,300 to around 15,000.



The What's On figures, in conjunction with our model, suggest that residential building activity will track below our March forecasts over 2009. With credit conditions still tight there is a risk that annual non-apartment consents will fall below 12,000 by mid-2009.

A recovery in the New Zealand housing market, combined with a stabilisation in the domestic economy after 18 months of recession, should see building activity recover over the second half of 2009. However, continuing strict lending standards by New Zealand banks will ensure that the lift in building activity is more moderate than our short-term consent model currently suggests.

The model forecasts the number of non-apartment dwelling consents over a 12-month horizon. The inputs to the model include our forecasts of mortgage interest rates, net migration and the Tobin's q ratio. The results produced by this model aim to show how the latest data is likely to alter our outlook for residential building activity. Please consult our detailed building forecast (released three times per year) for definitive forecast numbers and explanation. The model's average forecast error is +/- 5.5%, or about 100 building consents per month. A thorough explanation of the model and its forecasting ability can be found at www.infometrics.co.nz/article.asp?id=2572.