

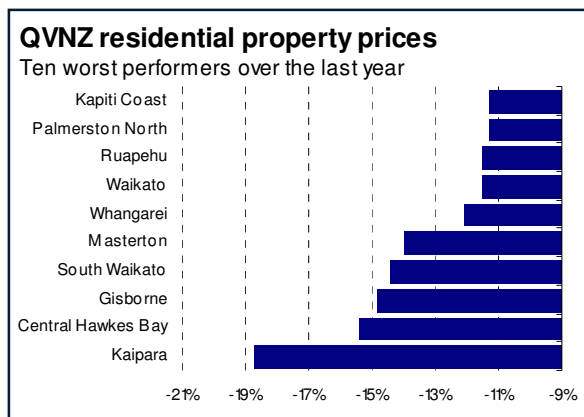
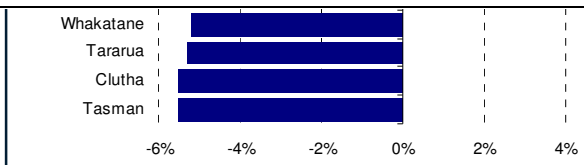
Nearing a bottom for house prices?

Quotable Value's March house price index recorded a 9.3% drop – implying that quality adjusted house prices have fallen 9.3% on March 2008. QVNZ stated that underlying activity in the housing market is showing definite signs of improvement. This anecdotal evidence, in conjunction with the low residential building rate, has convinced us that we are nearing the bottom for house price

House price indices ⁽¹⁾	Mar-09	Feb-09	Jan-09	Sep-08 ⁽²⁾
Total New Zealand	-9.3%	-8.9%	-8.3%	-6.7%
Auckland urban area	-10.1%	-9.4%	-9.0%	-7.7%
Hamilton City	-9.3%	-10.1%	-10.0%	-9.2%
Wellington urban area	-8.7%	-9.3%	-8.5%	-5.4%
Christchurch City	-9.7%	-9.1%	-8.8%	-7.9%
Dunedin City	-8.8%	-9.4%	-8.3%	-7.9%

(1) Three-month annual % changes (2) Latest annual % change from QVNZ's quarterly index

Data source: Quotable Value New Zealand Ltd



Even with the majority of regions recording house price falls, a substantial 36% of New Zealand territorial authorities recorded an improvement in the rate of house price growth in March. This indicates that a growing number of regions are hitting a floor for house prices.

Low interest rates and poor returns in other asset classes are enticing both owner-occupiers and investors back into the property market. However, tight lending standards by banks are still acting as a constraint on any pick up in the near term. As credit conditions loosen over 2009 we expect house prices to begin to pick up.

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, March 2009



NZ average -9.3%

