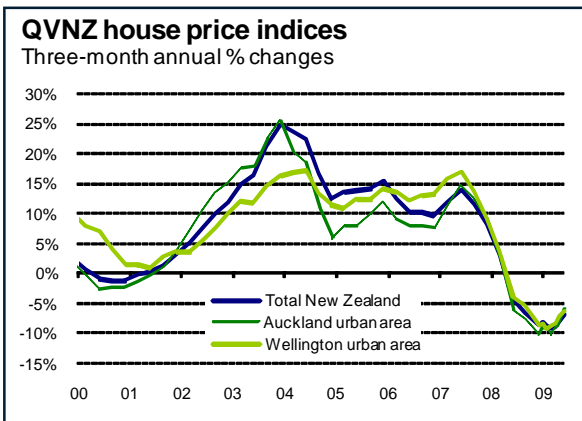




House price indices ⁽¹⁾	Jun-09	May-09	Apr-09	Dec-08 ⁽²⁾
Total New Zealand	-7.1%	-8.1%	-9.2%	-8.9%
Auckland urban area	-5.9%	-7.6%	-9.0%	-10.1%
Hamilton City	-6.6%	-7.5%	-8.8%	-9.8%
Wellington urban area	-6.5%	-7.4%	-8.5%	-8.7%
Christchurch City	-7.3%	-8.1%	-9.6%	-8.7%
Dunedin City	-4.5%	-5.4%	-8.0%	-7.7%

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



Shortage of housing leading price turnaround

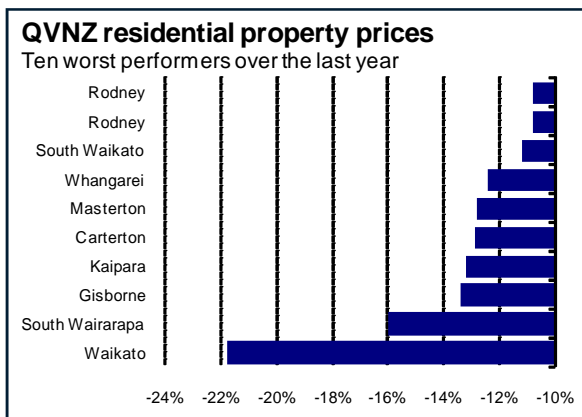
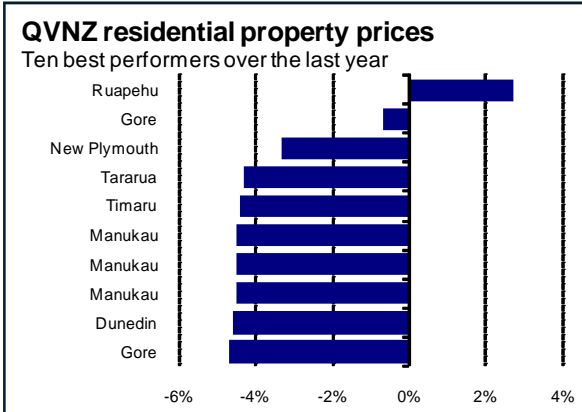
The housing market continued the improving trend that appeared last month, with annual growth in Quotable Value's house price index lifting from -8.1% to -7.1% in June. QV noted that a shortage of property for sale has been developing, a factor that will help support prices going forward.

The gap between urban and nationwide house price inflation has moved further in favour of the main centres, where price growth has lifted to -6.4%pa. Price growth in the main urban areas has not been this far ahead of the nationwide average since January last year. The widening gap has been primarily driven by the improving Auckland market.

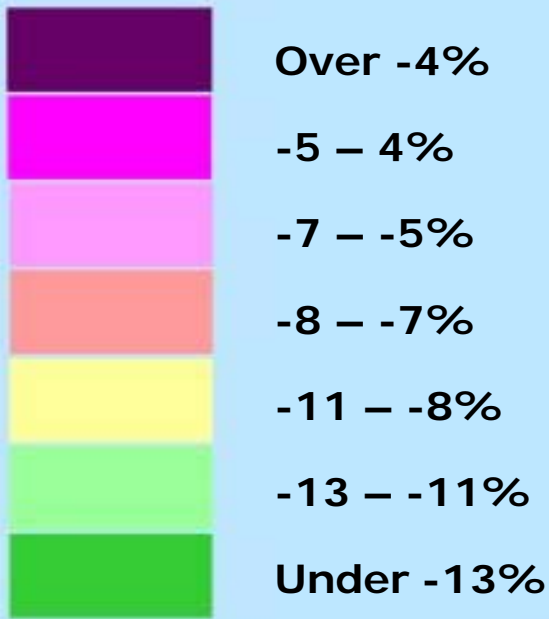
Buyer demand for property has picked up over recent months on the back of lower interest rates and falling house prices. These factors are being partially offset by the softening labour market and tighter lending criteria, but overall demand appears to have recovered to more "normal" levels following the massive downturn in 2008. With many property owners having taken advantage of low interest rates to fix their mortgages for three years or more, the supply of properties coming onto the market remains relatively low. The latest data from Barfoot & Thompson showed the number of properties on their books at its lowest in 20 months.

With residential building activity remaining at very low levels, conditions are ripe for the recovery in property values to continue. We expect annual house price inflation to turn positive in late 2009 or early 2010.

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, June 2009



NZ average -7.1%

